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The Complete Financial Guide for Young Couples

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Investing Through Your Building Years
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The Complete Financial Guide for Young Couples

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FOREWORD

"Do not be anxious," Jesus said several times in Matthew 6:19–34. The context shows He was talking about money.

Our Lord was not advocating a careless attitude toward our finances. Rather, He was calling us to a level of faith and behavior that is free from money worries.

Married couples in particular would do well to heed His counsel. Statistics show that money trouble is the number one cause of stress and failure in marriages. Christians are not exempt, and one reason appears to be that many Christian couples are oblivious to what the Bible teaches about managing family finances.

Larry Burkett offers an invaluable remedy for this dilemma. *The Complete Financial Guide for Young Couples* is filled with wise and biblical instruction for those who want to know what God's Word says about managing money. Burkett's commonsense approach is neither pedagogical or theoretical, but lively and practical. In simple, straightforward terms, he unfolds an array of scriptural precepts that will help any Christian couple manage their money more effectively and without anxiety.

Years of experience in teaching and counseling Christian families about finances has uniquely prepared Larry Burkett to write this book. He has witnessed the pitfalls. He has seen countless couples struggle with the same issues. He knows the hazards, and he understands the biblical answers. Best of all, he does a masterful job of making them understandable for others.

And these are principles we had better understand. All of us who are believers face judgment one day regarding what kind of stewards we have been. What too many Christians don't realize is that stewardship involves far more than the money we put in the collection plate. It encompasses every element of how we manage the resources God has blessed us with. Perhaps the most telling testing ground of stewardship is the realm of home finances.

It is significant that one of the basic requirements for a man to be in a position of spiritual leadership is that *"He must be one who manages his own household well"* (1 Timothy 3:4). Our Lord even taught that the quality of our stewardship in this life will determine our reward in the next (Matthew 25:14-30). The simple fact is that we cannot be truly effective for God if we fail to manage our finances well.

The enemy knows this, and perhaps that is why he seems to work so hard to snare young families and render them ineffective through unwise spending, lack of discipline, debt, worry, and other problems related to money.

If you're experiencing any of those difficulties, whether you're just starting out or approaching the crisis point, this book is for you. It will revolutionize the way you view your finances. If you practice the principles it teaches, you'll discover how to glorify God through managing your money wisely, and you'll take an important step toward living without anxiety.

John F. MacArthur, Jr.
Grace Community Church
Sun Valley, California

PART ONE

DEVELOPING A SHORT-RANGE PLAN

INTRODUCTION

Finances are an important part of marriage. Unfortunately, mismanagement of money accounts for the majority of divorces in America today. That should make this problem a critical issue for most husbands and wives. But for some reason, that's not the case.

The average marriage that ends in divorce starts out just about like anybody else's. These couples have high expectations; they really love each other. Sadly, their inability to make good financial decisions leads them down the road to disaster.

Wouldn't it be great if, in America today, divorce were limited only to non-Christians? But unfortunately, it is not. In fact, the divorce rate for "church" families is within about 2 percent of the national average. That says something: Most Christian couples are just as ignorant about finances as most non-Christian couples. Divorce, bankruptcy, and debt within the Christian community indicate that our priorities are mixed up and that we are omitting some vital training for our children.

The average young married couple tries to accumulate in about 3 years what should take them 30 years to accumulate. Consequently, what they do accumulate is an enormous amount of debt. As a result of the debt, they have financial pressures; and as a result of the financial pressures, they stop communicating. They cease to be companions and, instead, they become combatants. When they talk, it's about financial problems. They don't bother to read their Bibles anymore; it's hard to study the Bible when your mind is consumed with problems. They don't pray anymore; it's hard to pray when your mind is consumed with problems. Allow me to illustrate.

A young couple that I'll call Bob and Sue met in college and married when Bob graduated. Sue came from a Christian home and Bob was saved through a campus ministry when he was a college freshman. After college, Bob went to work in a stock brokerage firm and began to do quite well. His first year he made nearly $30,000 in commissions. Consequently, Bob and Sue felt they could commit to buying a home, which they did. Sue's parents loaned them the down payment. With closing costs, attorney fees, and so on, they owed another $1,500, which they put on their credit card.

Next came the usual household expenses for drapes, furniture, lawn mower, and appliances. Even so, they might have been able to squeeze by if everything had gone just right—which it didn't.

Their five-year-old car broke down, as it did regularly, so Bob bought a new car by selling his old car, borrowing some money from his parents, and taking out a $6,000, 18 percent car loan. Although neither Bob nor Sue realized it at the time, they had stepped into one of Satan's modern traps, just as surely as Eve had in the garden. Satan asked Eve, *"Indeed has God said, 'You shall not eat from any tree of the garden'?"* (Genesis 3:1) Today he asks, "Surely you can trust God for the good things you need, can't you?" And using about the same wisdom as Adam and Eve, Bob and Sue borrowed to buy things they couldn't afford to own. Satan then had them hooked, and all he needed to do was wait until the line played out.

Bob and Sue's line played out when Sue unexpectedly got pregnant about six months after moving into their new home. Frequent bouts of morning sickness caused her to take a leave of absence from her job. Then the downhill financial slide started. Without Sue's income, the house and car payments alone took 70 percent of their pay. After food, gas, utilities, and the other monthly essentials, no money was left for clothes, entertainment, lunches and, least of all, medical expenses.

Every trip to the doctor meant prescription bills and non-reimbursed expenses, and every trip resulted in an argument over money or, more accurately, the lack of it. What should have been a joyful event was soon to be a disaster.

About three months into the pregnancy, the economy soured for stock investing and Bob lost his job. He was out of work for nearly two months, during which time virtually all bills went unpaid. Bob eventually found another job making about $18,000 a year, with a budget that required more than $40,000 just to break even.

When the baby was born, Bob and Sue were separated and she was living with her parents. The young couple lost their home and their new car and still owed nearly $16,000—all in less than three years of marriage.

We'll pick up the story of Bob and Sue a little later as we deal with the issue of, "What do we do now?"

Maybe you're thinking, "Well, that won't happen to me," or "It's already too late for us." Neither is true. God's Word has both the prevention and the cure. If you haven't made the errors yet, you have a head start. But even if you have, God's Word offers the absolute cure.

Jesus dedicated about two-thirds of all parables in the New Testament to teaching the principles of how to handle money properly. When was the last time you had somebody take the time to teach you how to handle money properly? If you did, you're among the fortunate few.

What I would like to do is spend some time discussing practical principles of finances. First, we'll look at the biblical basis for *why* we are to handle money properly. Then we'll look at the practical applications in everyday life, like balancing checkbooks, buying life insurance, selecting the right house, or buying the car you "need." Hopefully, by the time you finish this book, you'll have the necessary tools to handle your finances properly.

How important is money? About 80 percent of our waking day is consumed in thinking about money: making it, saving it, spending it, or giving it away. If this area isn't managed properly, everything else is out of balance. *"He who is faithful in a very little thing is faithful also in much; and he who is unrighteous in a very little thing is unrighteous also in much"* (Luke 16:10).

1 GOD'S WISDOM

In order to discuss financial management properly, I need to back up and start with the source of all wisdom, God's Word. I'd like to bring into focus the difference between how God says we should handle money and what the world has been teaching us about handling money.

I have been a Christian for about 19 years, prior to which I was a non-Christian for about 30 years, including the first 11 years of my marriage. My wife, Judy, and I were a typical young couple. She came from a fairly well-to-do family, and I came from a fairly "poor-to-do" family. I thought that she would be a spendthrift so, therefore, I sought to control all the finances in our marriage. As you might imagine, we argued—a lot. You might say we had communication problems—most of them related to finances, and yet we never really lacked money. Ours was a lack of understanding about how God uses opposites in a marriage. But I'll come back to that later.

When we were first married, I would remind my wife (regularly) not to leave lights on, to turn the heat down, and not to leave the refrigerator door open. It wasn't really a conscious thing. It was really my defense against what I presumed to be her latent desire to cost me money. One time, without her knowing about it, I unscrewed the light bulb in the refrigerator so she would think the light had burned out. Now that's pretty cheap.

In fact, when we were first married I would tell Judy, "I'm a basically frugal person," especially when she mentioned buying clothes. Then, a couple of years later, she said, "You're a basically cheap person, and there's a difference." Ever since that time, I have tried to be frugal, not cheap.

I now realize that God has put Judy in my life to help provide the balance I need, and vice versa. Without her I would never buy furniture, and without me she would never change the oil in the car, both of which are necessary.

We were both unsaved when we got married. Consequently, we had only experience to fall back on in working out our relationship together, and most of that was bad. Our greatest asset prior to becoming Christians was that we had no other place to go, so we stuck it out together. Only when we came to know Christ did we begin to realize that God's Word has basic principles governing every aspect of a marriage, including finances.

One of the first things I realized as I began to read God's Word was the contrast between what the Bible taught about money and what I had been taught in business school. The primary principle taught throughout most business schools is called OPM. It means Other People's Money. In our economy today it might also be described as the credit mentality—the ability to borrow that allows people to buy things they cannot afford to own. That principle works great in good times. Early in a marriage, it will allow you to accumulate a lot of things you otherwise couldn't afford. Unfortunately, later you'll have a real problem with that philosophy.

The classic example of that in our society today can be seen in the plight of America's farmers. Many young farmers came out of agricultural schools that taught OPM. They inherited farms that were debt-free and profitable. But with ever-appreciating land values, they were convinced that it was old-fashioned and foolish to sit on a farm with all that equity in it.

So initially they borrowed to upgrade the operation: better planters, better tractors, barns, silos. Every farming magazine carried glowing articles on the progressive farmers who turned idle equity into operating capital. Then the borrowing expanded to buy more land, which increased in value and could, in turn, be leveraged. Borrowed capital funded new homes, air-conditioned harvesters, new trucks, vacations. Farmers were on a roll. Eventually, the debts got so large that farmers borrowed to make interest payments, and so little cash was left over at the end of a season that they had to borrow to buy seed for the next. At this point they knew they were in trouble, but they were trapped by the very debt they had used to build too quickly.

Ultimately, the crisis came. Farm produce prices dropped and with them, land prices collapsed. The debt on many farms exceeded their total value, sometimes by a factor of three or four to one. Panicked by the turn of events, bankers cut off all credit and farmers couldn't even plant for the next season.

Thousands of families were evicted and farms that had been in the same families for generations were auctioned off for a fraction of their accumulated debt. Any one of those families would have been thrilled to go back to where they began, but it was too late. Their problem was not stupidity. Most are very intelligent people with good academic educations. Their problem was ignorance: a lack of understanding. They had been taught well, but they had been taught the wrong things.

This same fundamental error is being repeated in millions of young families today. They build too much too quickly, using too much debt, and when they hit a down stretch—and everybody does eventually—they get wiped out just like the farmers.

Let me make it very clear: We have been taught false principles by the world in which we live. The plumb line for truth is God's Word, not a college textbook or a standard practice.

God's Word teaches a set of principles most of us haven't heard in the media or in the classroom. For example, what is the first thing that comes to your mind when I say, "There goes a very wealthy person"? You visualize someone with a surplus of money, large cars, maybe a large business, and certainly a large home. That's the normal image of wealth in our society. But when God's Word describes a wealthy person, it never makes reference to the accumulation of money. God's Word says that wealth is more than money. Wealth is everything that you and I have as Christians.

Our greatest wealth from God is salvation. It never ends. The friends we have are part of our wealth from God. Our children are a part of our inheritance. Even the relationship between a husband and wife (in the Lord) is a part of our wealth from God.

So as you evaluate the difference between God's wealth and the world's wealth, you begin to realize that God promises riches, honor, and a long life. But the riches God refers to is not just money. He says, I desire that you have peace along with your riches.

If you don't settle early in your marriage that money is *never* going to make you happy, you'll spend your entire life doing urgent things, rather than important things, and find at age 70 that you spent your whole life chasing after the Joneses only to discover that, when you finally caught up with them, they had refinanced.

I have counseled many people throughout the years. Some were senior citizens who went from marriage to marriage themselves and then saw their children go from marriage to marriage. Most of them looked back on their lives with great regret. Often they said, "If only I had heard that 50 years ago. If only somebody had sat me down and told me what to do, what a difference it would have made in my life." Well, maybe it would have and maybe it wouldn't have, but at least *you* have the opportunity to hear truth now!

The principles and practices that we're going to discuss are not just suggestions from God's Word. They are truths that you must apply to your life. They help to focus your life on doing important things, not just urgent things. The urgent things include your job, a new car, a bigger home, a better vacation. The important things are how you're investing your lives together, husband and wife, and what kind of a spiritual legacy you'll leave your children's children. *"A good man leaves an inheritance to his children's children"* (Proverbs 13:22).

It's interesting that Jesus lived among a generation of people that had very little money. In fact, Matthew was probably one of the few disciples who had any money at all, because he had been a tax collector. Yet, in teaching those men, Jesus consistently developed His parables (a teaching technique where a well-known topic is used to relate to a little-understood topic) around the handling of money. Jesus chose money because it is a common denominator among all people, regardless of age, sex, or race.

It's hard to think of another area of life that touches virtually everyone whether they are married or single, young or old. It's amazing that for such a long time Christians have failed to see the relationship between handling finances and other areas of struggle.

2 MONEY: AN OUTSIDE INDICATOR

In the New Testament, Jesus draws an interesting parallel between the way we handle our money and the way we handle spiritual matters. In fact, the way we handle our money is the best outside reflection of our true inner values. You can tell more about the spiritual lives of a couple by looking at their checkbook than by anything else. People can say anything they think others want to hear, and many people are great at faking their true attitudes, but the way they handle their finances is usually a dead giveaway to what is *really* going on.

One of the things I learned in counseling a long time ago is: Always counsel a married couple together, because you'll get much better answers from two than you will from just one. Most people are usually somewhat self-conscious about their financial mistakes. As a result, they tend to water down their abuses, particularly where debts are concerned. Also, since most couples are opposites, one tends to exaggerate, while the other has a very narrow sense of the truth. Between the two of them, the right balance can be found.

A few years ago, while at my desk working on an upcoming conference, I received a call from an obviously distressed young woman named Becky.

"They're coming to repossess our home," she said. "Can you help us, please?"

It took me several minutes to get her calmed down enough to explain what was happening. It seemed her husband paid the bills (or was supposed to), but he was consistently negligent about details—such as mailing the checks! Almost every month he was late with the mortgage payment and, consequently, had accumulated several months of late charges, which he refused to pay. The mortgage company had decided to take a hard stand

and started foreclosure proceedings.

We scheduled an impromptu counseling session later that day. Steve and Becky were the classic opposites. She was a perfectionist who followed rules to the letter. He was so creative and footloose that he sometimes forgot where he put his paycheck. Because of her personality, Becky tended to see everything in black and white. To her, a foreclosure notice meant she was going to be evicted. Steve, on the other hand, simply occupied his thoughts elsewhere. His plan was to mail in the late charges at the last possible moment. It seemed perfectly justifiable to him. He was making the mortgage company "sweat," he said. In truth, he was violating his promise to pay on time and was creating unnecessary stress for his wife.

As I got to know them better in later counseling sessions, I learned that Steve also cheated on his expense account and rarely, if ever, declared all of his income to the IRS. Steve had a spiritual flaw that was reflected in his finances.

Christ said that if a person is not faithful in the smallest of things (money), he will not be faithful in greater things: *"He who is faithful in a very little thing is faithful also in much; and he who is unrighteous in a very little thing is unrighteous also in much. If therefore you have not been faithful in the use of unrighteous mammon, who will entrust the true riches to you?"* (Luke 16:10-11) Jesus repeated that principle several times (verses 12-13) just to be certain that we couldn't misunderstand or misinterpret it. The way we handle our money is nothing more than the outward expression of what's going on spiritually inside.

Money can be either the best area of communication in your marriage, or it can be the worst. It's rarely neutral. If you learn to communicate properly, it can be an excellent means for understanding the assets and liabilities of one another. Remember that being *different* does not mean being inferior. Each personality brings strengths and weaknesses to a marriage. I have seldom met a couple where the husband and wife are carbon copies. If you're too similar, one of you is probably unnecessary. Therefore, opposites usually do attract.

3 COMBATANTS OR COMPANIONS?

With rare exception, most couples are so opposite they're predictable. One likes to go to bed late, and one likes to go to bed early. One likes littering, and the other goes around cleaning up. One has a terrible sense of direction, and the other always knows where they are. One wants to invest and the other wants to spend. I could go on and on because most couples I've met fit the pattern. Opposites *do* attract. But when you use your differences as assets, you'll find that as you communicate about anything, particularly money, you'll get opposite and wise perspectives for making decisions. The goal is to achieve a proper balance in your marriage.

Many times a couple will approach their marriage as combatants because of the differences in their personalities. You were attracted to each other because you were different. One of you never talked at a party, and the other never stopped. So the quiet person who really would like to be more outgoing is attracted to the other because he or she *is* outgoing. But later, if you're not very careful, the very things that attracted you will make you resent your partner. It's really a choice—combatants or companions? You're not going to change the other person's personality, nor should you try.

Through counseling many couples over the years, I had determined that there were four basic personality types with many minor variations. I was in the process of sorting through these and categorizing them when I discovered that someone else had already done this, so I just adopted the Personal Profile System® of evaluation.

The four basic traits are Dominant, Influencing, Steady, and Compliant. Each of us possesses some part of all the personality traits, but generally one trait is predominant. Let me give a thumbnail description of each; look for yourself and your spouse as you read.

- DOMINANT, or high "D," is a decision maker who likes challenges. This person desires power, authority, and a great deal of individuality. Of this personality it has been said, "Often wrong, but never in doubt." You can recognize this personality because they seldom follow instructions. They are the ones who will order a swingset in a box and try to assemble it without reading the instructions.

- INFLUENCING is the outgoing verbalizer who usually becomes the life of the party. This personality likes recognition and group activity. You can recognize them by the fact that everything they have ever done can be found on their walls. Where the "D" clams up under pressure, the "I" wants to talk everything out, in great detail.
- STEADY is the supporter who works well with others. Probably the biggest fault with the steady personality is the lack of decisiveness. Since the high "S" usually gets along well with almost any other personality, this is one of the rare cases where two similar types may get married. Their conversations often go like this:

"Where do you want to eat?"

"Oh, I don't care. You decide."

"Well, I don't care either. You decide."

"No, you decide."

It will continue like this until they have a strong-willed "D" child who will dominate their lives if they don't take control.

- COMPLIANT is the perfectionist who wants clear-cut guidelines and conformance to detail. You'll know them when they order the swingset, because not only do they read the instructions, they correct the spelling and grammar before they begin.

Obviously, there will be differences of opinion when two different personalities are placed in the close proximity that a marriage creates. Differences don't necessarily have to lead to conflicts.

God's Word says, *"For this cause a man shall leave his father and his mother, and shall cleave to his wife; and they shall become one flesh"* (Genesis 2:24). In other words, a married couple becomes one person. Two personalities merge in a marriage to operate as one. The extremes of one person are balanced by the partner's extremes.

Quite often, single people live lives of extremes. They are frequently classic examples of imbalanced lifestyles. And even within the same family, their personalities are totally different. My wife and I raised four children—all different.

When our oldest son was growing up, you could go into his room and know exactly what he was like. It was clean; his bed was made; the books were in order on his desk. If you went into our other son's room, you had to carry a stick with you because there were things that lived under his bed.

Our oldest son is now married and has four children. He still straightens some, but he's learned to relax and tolerate some clutter. His wife is an excellent balance to his personality because she is as outgoing as he is shy.

If sloppy singles never got married, they would have to buy new clothes continually, because they would never wash the old ones! Without balance and accountability, extremes are the norm. A Bible-based marriage is two people willing to merge their lives totally as partners to utilize their strengths. That's called balance, and that's what a marriage should be. In the area of finances, balance is especially critical. *"An excellent wife, who can find? For her worth is far more than jewels. The heart of her husband trusts in her, and he will have no lack of gain"* (Proverbs 31:10-11).

4 GOD'S MINIMUM STANDARDS

God's Word provides standards for managing money that are essential for marital unity. One of the things I find in counseling couples, both married and pre-married, is that whatever I might convince them to do, somebody else coming along behind me could convince them otherwise. So I decided a long time ago that I would stop trying to convince them to do anything. Instead I would go back to the source of truth, God's Word, and let God do the convincing.

God requires minimum standards of us as Christians. If you, as husband and wife, will establish the standards that God's

Word establishes, you will come out with a healthy, balanced marriage.

STANDARD NUMBER 1: GOD OWNS EVERYTHING

As Paul wrote to Timothy, *"For we have brought nothing into the world, so we cannot take anything out of it either"* (1 Timothy 6:7). Once you accept the fact that God owns everything, it's important to manage all you have according to His rules. It's how you manage money that determines how you will manage greater things. For instance, unless you surrender to each other your rights over money, you will not surrender other rights. The question is: Isn't it worth sacrificing some short-term indulgences to establish long-term peace in a marriage?

Perhaps the situation I have seen that best demonstrates this principle is where a wife either brings financial assets into a marriage or earns her own money through a job. If she truly believes that a husband and wife are to be one and all that she has belongs to God, she will withhold nothing in the marriage relationship. They will merge their assets and operate from a unified base.

However, if ego or fear of the future takes over, she will resist a total merger and maintain a degree of independence. This is the first wedge Satan uses to ultimately split one back into two. It's a self-first attitude, rather than God-first. Obviously, the same principle applies to the husband's assets and income. As the Proverb says, *"There is a way which seems right to a man, but its end is the way of death"* (Proverbs 14:12).

STANDARD NUMBER 2:
THINK AHEAD AND AVOID PROBLEMS

The Lord taught His disciples, *"For which one of you, when he wants to build a tower, does not first sit down and calculate the cost, to see if he has enough to complete it?"* (Luke 14:28) Too often, young couples put off planning until they're in trouble. Then it's usually too late, except for "crisis" planning.

I recommend that you write down your goals and objectives before you're married, including a first year's budget. Then every year, plan to go away somewhere together for at least one day just to update your budget and evaluate your goals. Look back at the previous year and determine if you're still on track with your goals. If you will make this a priority, it will be the best investment of time you'll ever make.

Obviously, your minimum goal should be to avoid financial bondage through debt. This doesn't mean you can't borrow to buy anything. But borrowing to buy consumables such as gifts, vacations, even cars, will put a family in bondage quickly. Buying something on credit that you can't afford doesn't avoid the decision that you shouldn't buy it; credit only delays the consequences and makes them worse.

I can remember at Christmas seeing a large billboard produced by a credit card company that said, "Go ahead and do it. You owe it to yourself." Let me assure you, they didn't mean that. What they really meant was, "Go ahead and do it, and you'll owe it to us at 21 percent per year."

Remember standard number 2: Think ahead.

STANDARD NUMBER 3: KEEP GOOD RECORDS

In counseling young couples, I discovered that less than 2 out of 10 knew how to balance a checkbook. Solomon wrote, *"By wisdom a house is built, and by understanding it is established; and by knowledge the rooms are filled with all precious and pleasant riches"* (Proverbs 24:3-4). It is impossible to have your finances under control without understanding the basics of good bookkeeping. Very few young couples understand how to evaluate life insurance, how much to spend on housing, what price car they can afford, or how to work a baby into their budget. But even worse, often they don't know how much they are spending.

In the majority of marriages, the wife ends up being the bookkeeper. She's the one who is usually responsible for keeping the books balanced, writing the checks, and paying the bills. That doesn't mean that husbands should not be involved; they should, and they must be. A couple should develop their plans together and work together. But there can be only *one* bookkeeper in the home. When there are two bookkeepers, you'll have two messes.

Typically, in over 80 percent of the families we counsel, the wife is the bookkeeper. Usually the wife has more time and pays more attention to detail. Therefore, she makes the better bookkeeper. But in order to do it well, she must know how to do it. Later I'll discuss how to balance a checkbook and how to develop a budget. But for now, take my word that unless you do, you won't have peace in your marriage.

STANDARD NUMBER 4: GET EDUCATED

"The naive believes everything, but the prudent man considers his steps" (Proverbs 14:15). Most naive people are ignorant. Ignorant does not mean stupid; it means unknowledgeable. For instance, many couples borrow money without understanding the actual interest rate. Their primary concern at the time is, "How much are the monthly payments?" Others borrow more money than they can repay because they have no system of budgeting. They literally don't know where their money goes each month or how much credit their income can support.

I once assumed that almost everyone knew how to balance a checking account. I quickly discovered that was an erroneous assumption. Many people have only a vague idea of how much is in their bank accounts and have never balanced their accounts. They write checks and fail to record them in their ledger; they pay overdraft charges on checks written on insufficient funds; or they simply accept the bank's statement as totally accurate.

One couple—Craig and Cathy—was even paying for the bank's errors. Cathy kept the "books" for their home records. After our first session, I had a strong suspicion that the books weren't being kept too well, as Craig and Cathy regularly paid overdraft charges for insufficient funds. So I asked Cathy to bring her bank statement and ledger book the next visit. A month passed before we talked again and during that time two more checks bounced. I asked Cathy how she balanced her checkbook after she received the monthly bank statement. "Oh, I look to be sure that every check they return is really ours."

"Good, no problem there," I said.

"Next, I cross off all the returned checks in my checkbook." (No problem there either, except that she forgot to mention she couldn't find all of them in her checkbook.) "Then I subtract the service charge and overdraft charges from my checkbook, deduct my outstanding checks from the bank's account, and compare my checkbook to their statement."

"Great," I said. "How do they compare?"

"Oh, they never do," replied Cathy. "So I always use the bank's figure."

Two things I discovered about this method of home accounting: (1) it is a very common method of keeping records; (2) it is grossly inaccurate.

Cathy had some enormous problems in her records. Because she didn't write down every check, she obviously couldn't subtract them from the bank's balance. Thus, there always seemed to be more money than there really was. We also discovered that the bank had actually paid the returned checks the first time through, added an insufficient funds penalty, and returned the check to the payee, who then resubmitted the check. By that time, there were additional funds in the account and the check cleared, but Cathy's account was again debited the amount of the check.

So she had actually paid the checks twice, plus penalties. When we researched the bank account, we were able to recover over $200 in overpayments during the previous year. Through this lesson, Cathy became a knowledgeable home record keeper. She now helps teach other women how to manage their home accounts.

I've counseled enough to know the simplest economic principle ever written is, "If you don't overspend, you won't get in debt." And I have never counseled a couple that purposely set out to get themselves into debt. They usually let their record keeping get so bad that they had no idea where they were financially. Then they would call and say, "We've got a disaster. The creditors are going to repossess our car or our home or our child," or whatever their particular disaster was.

As you probably know, it's a lot of fun to get into debt, but it's not nearly as much fun to get out of debt. Learn what you need to know and use that information to avoid financial problems.

5 HOW GOD USES MONEY IN A MARRIAGE

As I said earlier, God uses money in a Christian marriage to show us our strengths and weaknesses and to teach us to depend on Him more fully.

A TEST OF FAITHFULNESS

One way God uses money is to test our faithfulness. Remember, the way we handle money is an outside expression of what's going on in our lives spiritually. The way we respond to financial problems is a good indicator of whether we trust God, or whether we just say we trust God. In other words, when the pressure's on, will we still do it God's way?

John and Paula had been married about five years when I met them. They were both Christians, members of a sound denominational church, and faithful in their giving to God's work. They had wanted to have children soon after their marriage and always budgeted based on John's income so that Paula could stay home when they had their first child.

Paula had gotten pregnant twice, but she miscarried both times. During the third pregnancy she was told to go to bed and rest from the third month on. She carried the baby full term and delivered without any major problems. However, shortly after the baby was born, Paula was diagnosed with leukemia. While she was undergoing therapy, John lost his job when the company he worked for shut down. The bills piled up, both personal and medical, until their lives became strained to the breaking point.

When they came to see me, they owed over $40,000 in personal bills. The utility company was threatening to shut off their power, the phone was disconnected, and they were two months behind in rent.

After reviewing their situation, I could see no way to resolve their financial problems. An attorney for their creditors had suggested that they file for bankruptcy because it was apparent they would never be able to pay their bills. My question to John and Paula was the same one that God asks each of us: "Do you trust God?" It's easy to *say* you trust God when things are going well, but the bottom line is, do you *really* trust God? As Shadrach, Meshach, and Abed-nego said, *"Our God whom we serve is able to deliver us from the furnace of blazing fire; and He will deliver us out of your hand, O king. But even if He does not, let it be known to you, O king, that we are not going to serve your gods or worship the golden image that you have set up"* (Daniel 3:17-18). Can you still trust God, even though you can see no logical way out?

John and Paula said they did trust God and knew inside that they should not go bankrupt. They left with a commitment to take their needs back to their church and ask for the church's help.

In the meantime, I mentioned their need at a men's Bible study I taught. One of the men at our study knew of another Christian who was looking for an employee with John's qualifications. It turned out that John was an answer to his very specific prayers for a loyal, hard working Christian to help in his business. In addition, two of our group took on the task of raising some of the needed funds to clear the immediate debts. The results were beyond our imaginations as other churches and Sunday School classes took up the challenge. Within two weeks, our group, along with John and Paula's church, had raised over $40,000 and all the bills were paid—in full. God had honored their commitment to trust Him and taught us a lesson as well: God had provided what they needed already—through us.

SOME ARE CHEAP

Not every couple is going to have debt problems. About 10 percent of our population are basically so cheap (or frugal) that they're never going to get into debt. I will never knowingly get into debt. There's some control system inside me that keeps me from overspending. I can't stand to pay interest and I can't stand to owe anyone, so if I borrow, it's short term and very limited.

SOME ARE SLOPPY

Another 10 percent of our population make enough money to be sloppy and get away with it. They feel they can live without a budget, because if they should get into financial trouble, they can simply cut back on their indulgences for a while and pay their way out of it. Very few young couples fit into this category. Usually these "sloppies" are the attorneys, dentists, and doctors among us. Most doctors, for instance, make far more than the national average, so you might think they don't have financial problems. That's not true. They're the classic example that it's not what you make that's important but how much you spend.

I was working in my office one afternoon when an attorney friend called to ask for some counsel. It seems that a client of his, a doctor, had been served notice by the IRS that his property was being attached (legally taken over) for failure to pay taxes. In fact, this doctor had arrived home one evening to find an IRS agent there impounding his cars, home, and furnishings. He rushed to the attorney's office, and the attorney then called me. Sadly, this was not the first such episode of financial woes for the doctor, and the attorney realized that a pattern was developing. I suggested that the doctor and his wife come in for counsel.

It turned out that this doctor had used some of his employee's withholding tax funds to invest in a great "deal" being touted by another Christian. He forgot about using the tax money and didn't pay his quarterly withholding. However, the IRS didn't forget, and when several notices failed to get a response, they attached his assets.

A little negotiating got the attachments lifted and the doctor started paying monthly to clear the back taxes. He did well for about three months. Then a friend offered him a great buy on a sailboat (to make a quick profit). Lacking the necessary funds, he again dipped into his tax funds. He intended to pay the money back out of his quick profits. This idea of quick profit is known as "the greater sucker theory." In other words, if you're sucker enough to buy it, there must be a greater sucker than you around who will pay a higher price.

Well, the boat didn't sell and he missed another tax payment. This time the IRS attached everything, even his checking accounts. He couldn't even write a check for groceries. He was physically ill when he called to ask for help. On the way to my office, he told his wife, "Whatever he tells me to do, I'm going to do it. I swear to God."

Incidentally, this might be a good time to mention Solomon's words in Ecclesiastes 5:4: *"When you make a vow to God, do not be late in paying it, for He takes no delight in fools. Pay what you vow!"* So be careful about urgent vows or you might get stuck with them.

I didn't know about the doctor's vow, but I did have a plan in mind that his attorney and I had discussed. He walked in, ghost-white and quite obviously under great stress. The IRS agent had mentioned "fraud" and "prosecution," which are terms that strike fear in the hearts of virtually every taxpayer.

I shared a story with him that I believed would fit his situation perfectly. I asked, "Would you agree that your problem is not a lack of money?"

He responded, "I suppose not." That point was made clear in previous counseling sessions when he discussed increasing his office hours to make more money. His annual income was about $180,000.

"Are you familiar with the story in 2 Kings about an Assyrian army captain by the name of Naaman who went to Israel to be healed of leprosy?" I asked. He said he had heard the story before. So I continued. Naaman heard there was a prophet in Israel who served the true God and could heal even lepers. So he headed toward Israel with his troops. But instead of going out to meet the captain, Elisha sent a messenger to tell Naaman to go down to the Jordan River, dunk himself seven times, and his flesh would be restored.

Naaman was furious and stormed away, saying, *"Behold, I thought, 'He will surely come out to me, and stand and call on the name of the Lord his God, and wave his hand over the place, and cure the leper.' "* Then one of his servants asked him, *"My father, had the prophet told you to do some great thing, would you not have done it?"* And of course Naaman said yes. Then the servant said, *"How much more then, when he says to you, 'Wash and be clean'?"* And so Naaman went down to the river, dunked himself seven times, and when he came up the seventh time, his leprosy was gone (see 2 Kings 5:1-14).

I concluded, "The principle behind this story is that God works best with a humble spirit." What I then asked the doctor to do was mow lawns on his day off (Wednesdays) until he had paid off the smallest of his debts (about $160).

"That's stupid. I'm not going to do that," he retorted. "I'm a radiologist. I can make more than that in one hour."

I reminded him, "What you make is not the issue here. It's what you spend. But you don't have to do it. It's just a suggestion." He looked at his wife as if to say, "How did you tell him what I said without me knowing about it?" Then he stormed out of my office with his wife in tow.

She waited until they were nearly home before she said, "Are you going to do what you promised God?" He stomped around the house for a few days while his attorney was working out an ironclad plan to get the IRS paid back. Then he came to his wife and said, "I'll do it. It's stupid, but I gave my word and I'll do it."

It was several weeks before I saw them again and heard what happened. "The first week I set out to get some jobs mowing lawns, I realized I was in trouble," he said. "I found myself in competition with 12-year-old kids, so I told my neighbors I needed exercise but also needed the money as an incentive. I figured they didn't buy it when we would find care packages on our doorstep. But I stuck it out even though I was down to two bucks a lawn sometimes. Finally, I paid that bill off, and I felt like I had been released from prison. Then I realized what an impact it had made on me. One day I was driving around and saw a Greyhound bus that had been converted to a motor home. Man, I have always wanted one of those motor homes. But you know what stopped me? Just thinking about mowing lawns to pay off a $66,000 motor home," he explained.

If you happen to be among that fortunate 10 percent who make a significant income—and some of you will be, at some point—remember it's *not* what you make that generates debt. It's what you spend.

THE AVERAGE SPENDER

The remaining 80 percent of our population are not basically frugal enough to stay out of debt, nor do they make enough money to buy their way out of trouble. These families represent the norm. Although everybody *should* live on a budget, this group *must* live on a budget or risk getting deeply into debt. Easy credit is one of the most subtle traps Satan lays for Christian families. God's Word says watch out: *"The prudent sees the evil and hides himself, but the naive go on, and are punished for it"* (Proverbs 22:3).

Again, let me make the point here that borrowing itself is *not* a problem. If used prudently, some credit is reasonable. Even when somebody borrows so much that he or she can't pay it back, it's not really a financial problem. It's a symptom of a spiritual problem. The real problem: a lack of trust in God. If we trust God, He will provide all we need within our income, which leads me to the next principle.

DOES GOD REALLY LOVE US?

Another way that God uses money is to demonstrate that He really does love us. I think of what Jesus said, *"What man is there among you, when his son shall ask him for a loaf, will give him a stone? Or if he shall ask for a fish, he will not give him a snake, will he? If you then, being evil, know how to give good gifts to your children, how much more shall your Father who is in heaven give what is good to those who ask Him!"* (Matthew

7:9-11) The prerequisites for receiving God's best are:

(1) love and trust Him as your personal Savior,
(2) be willing to obey Him,
(3) demonstrate this obedience by following His principles.

God is going to bless those who are willing to say, "God, we trust You, and since You know best, maybe we can do without that five-bedroom, three-bath home that we think we need. We're willing to be content with a two-bedroom, one-bath apartment for a while believing that, somewhere down the road, You have exactly the right home that we can afford within our budget."

It boils down to a set of decisions.

(1) Do you really trust God?
(2) Are you willing to put that trust into action?
(3) Are you willing to wait upon God's provision?

A COMMUNICATIONS TOOL

God uses money in the lives of any young couple to draw them closer together. In contrast, Satan wants to drive a wedge between a husband and wife. Why? In hopes that the resultant turmoil will drive them away from God.

God will bring you closer together if, from the very beginning, you will establish God's Word as your financial guide. That means, in a practical sense, that you must decide what kind of a home you can afford, what kind of car you can buy, what kind of vacation you can take, how much to spend on clothes, how much for entertainment and recreation, and so forth—and commit to making all those decisions *together*.

As you begin to communicate about these everyday things, you'll learn a lot about each other. Keep in mind that you're almost always going to approach things from different perspectives. As I said earlier, if two people are identical, one is unnecessary. Differences can be a source of argument, or they can be a source of positive balance. When a couple accepts this principle, they both realize that each one of them has strengths and weaknesses.

A friend, who is a Christian psychologist, shared that he and his wife are opposites, and for a long time it caused a lot of strife. He said, "I know that whatever I want to do, she'll want to do the opposite. Whatever I want to buy, she wants to buy something else. If I say black, she says white." But, he said, he knew how to "get" her. She was sensitive about her lack of education because he had a Ph.D. So he would berate her lack of education during an argument. But what used to irritate him, he said, was that with a high-school education, she would consistently give better advice than he would with his Ph.D.

He said that before they became Christians they used to get into terrible fights—usually after she had bruised his ego. Then they both became Christians and he thought surely their problems were solved, especially when he learned about the submission principle for wives (which he referred to a lot).

Then one time he was asked to speak at a pastor's conference and, without him knowing about it, his wife was asked to speak to the women while he spoke to the men. In spite of his badgering, she refused to discuss what she was going to talk about. He said, "I knew she was going to blow my image." Then one day he saw a note she had scribbled while obviously working on her presentation. It read, "Life with Attila the Hun." He was so mad that by the time they left for the conference he wasn't speaking anymore. He drove for a couple of hours with neither of them saying a word, then got off the freeway to get some gas. He filled the tank, paid for the gas, and headed down the freeway again.

The first words his wife spoke were, "Do you know you're headed in the wrong direction?"

He said, "Boy, did that make me mad. So I asked her, 'Don't you think that with a Ph.D. I've got enough sense to know which way to go?' " As he drove on, he quickly realized that he *was* going in the wrong direction. But he drove on 30 minutes more, wondering, "How can I turn this car around without her realizing it?"

After that, he grasped God's plan in his marriage—balance.

Together they functioned pretty well. Apart, they looked pretty foolish—especially him.

He told me they still don't agree on everything. "But that's okay," he said, "because now we realize we're not supposed to." By communicating even their differences, they are able to reach a better decision than either can independently. "Now when we discuss something," he said, "do you know what I find? My best is her worst and her best is my worst. But somewhere in between, we always find a point we can agree on. As a result, we have become much closer. We have learned that neither of us is ever totally right. Now we have communications, not combat."

WHO IS THE SPENDTHRIFT?

Let me correct a common misconception made in most marriages. The majority of spending in a marriage is *not* done by the wife. Under an impulse, a woman will buy too much food and too many clothes. Under the same impulse, her husband will buy a new car, a motor home, or an airplane. We men don't buy often, but when we do, we buy big-ticket items. The majority of indebtedness in most marriages comes as a result of the husband's spending.

Husbands, I would suggest some simple impulse-buying rules. First, don't ever buy anything that isn't budgeted, unless you wait at least 30 days. Second, get at least 3 different prices on the item within that 30 days. Third, never have more than one item on your impulse list at any time. Do you know what you'll find if you do this? You won't buy on impulse, because first, before the 30 days are up, you'll find something else you want more than the first item. So you'll scratch the first item off and add your new item. Then you'll have to wait another 30 days, and the impulse will pass (usually).

In summary, I encourage Christian couples to accept the fact that unless you communicate about your finances, you can never achieve oneness, because money is the one subject that's going to occupy the majority of your time.

6 CREDIT CARDS

There are a lot of myths about credit that young couples need to understand. The first is that you *must* have credit in our society. Don't misunderstand. There is nothing unbiblical about borrowing money. Scripture does not prohibit borrowing. But there is not one *positive* reference to borrowing money in all of the Bible. All references to borrowing are negative. Most of them are warnings. For instance, according to Proverbs 22:7, *"The rich rules over the poor, and the borrower becomes the lender's slave."* I would encourage every young couple to memorize that proverb and believe it. It is all too easy in our society to be in bondage to lenders.

DO YOU NEED CREDIT?

Many young couples ask, "How can we establish credit?" The first thing I try to convince them is, don't establish credit unless you have a specific purpose for it and you know how to use it wisely. I believe that every credit card should have

DANGER! USE OF THIS CARD CAN BE
INJURIOUS TO YOUR MARRIAGE

printed on the face of it. Perhaps you think you can handle credit. So did every couple that ever got into debt. Rarely does anyone set out to get into debt. Virtually every couple I ever counseled who was in debt said the same thing: "How in the world did we get into a mess like this?"

Drew and Nan were seemingly the ideal couple. They both graduated from college on the dean's list. Drew went on to law school; Nan took a teaching position.

After law school, Drew joined a law firm headed by Nan's father. Everyone assumed their large home was provided by their well-to-do parents. But in reality it was provided by extending themselves far beyond their income. As creditors began to press them, Drew began to speculate in stocks, trying desperately to hit the "big one" and get out of debt. He knew that any open publicity about their financial troubles would severely injure his career.

Nan was totally ignorant of their finances and took Drew's word that their lifestyle was supported by bonuses from the law firm. In actuality, Drew was taking money systematically from clients' trust accounts which he was managing. The final blow came with a bank-directed audit of the trust accounts. When the audit was completed, it revealed a $64,000 deficit in client trust funds. Drew was disbarred from practicing law and served three years in a federal prison—all because of a desire by him and his wife to live beyond their means.

Drew didn't consider himself dishonest. He always intended to repay the accounts and kept detailed records of what he "borrowed." Many other couples have faced similar situations, only they have borrowed from friends, family, and creditors. Their defaults were considered legal because they filed bankruptcy. Yet the emotional and spiritual consequences were very similar.

Lenders promote the idea that you should establish credit early. Obviously so; that's how they earn their living. But the longer you can go without credit (and credit cards), the less you will depend on it later. Whatever you do, don't use credit for consumable items such as clothes, food, vacations, or repairs. We're the only generation in history to borrow significant amounts of money to buy consumables. Our grandparents didn't borrow the way we do. They lived on what they earned, saved, and then bought. Today, it's "buy and pay later." Unfortunately, sometimes couples buy beyond their ability to repay.

CAN CREDIT CARDS BE USED WISELY?

Another common myth is that credit cards can be used wisely. Don't be deceived. They can be used less foolishly, but rarely, if ever, wisely. Credit cards are not problems, but they certainly can lead to problems. A credit card, if managed properly, can be useful. But virtually everyone will buy more using a credit card than if they used only cash. I've heard people say, "I pay mine off every month," implying that they use it wisely. Quite often, that's simply not true. I'm a very budget-conscious person, as I shared earlier, and I do use credit cards when I travel. I pay mine off every month and have never paid any interest on them. And yet, if I'm not careful, I will spend more using those plastic cards than if I use only cash.

About 12 years ago, I got rid of my credit cards and went without them for nearly 10 years. The reason was because the majority of people I was counseling had misused credit, and when I would ask them to get rid of their credit cards, the first thing they would ask is, "Do you use them?"

I had to say, "Yes, I do, but I use mine wisely."

Then they would say, "Well, from now on, I promise to handle mine properly too." But they seldom did.

So I decided to get rid of my credit cards and see if I could travel without them. I did so the better part of 10 years. Do you know what I found out? I wasn't nearly as conservative as I thought, because I had been buying things with credit cards that I would never have bought for cash. At airports I would often buy something because I could pay for it 30 days later. Or I would eat in a more expensive restaurant because I didn't have to pay for it in cash. Many times I would stay at a hotel or motel where I would not have stayed if I had to put out the money in cash. Remember, you can use credit cards less foolishly, but you rarely use a credit card wisely. That's a common myth.

However, if you are going to use credit cards, as most couples will, establish some fundamental rules and stick to them. I would suggest three basic rules:

(1) Use your credit cards *only* for *budgeted* items. In other words, if it's not in your budget for the month, don't buy it on credit.

(2) Pay your credit cards off *every* month. Never pay interest at credit card rates, which are usurious.

(3) The first month that you find you cannot pay off your credit card bills, *destroy* your credit cards and don't ever get any more.

If you follow these basic rules, credit cards won't become a source of financial bondage to you.

IS INTEREST A GOOD TAX BREAK?

Another common myth in our generation is that somehow interest is a good tax break. Let me illustrate why this isn't true. Let's assume you're in a 25 percent tax bracket and you pay $1,000 a year in interest. Let's further assume you can claim the interest as a deduction against your income tax. The government will return $250 of your tax dollars, right? What happened to the other $750? As best I can tell, you lost it.

Let me make you a much better deal than that. If you'll give me $1,000, I'll give you back $900. So all it will cost you is $100 to give me $1,000. Isn't that a better deal? Of course it is, for me—just as the interest you pay is a better deal for the lender.

Paying interest is always a loss, and you need to be sure you're not duped into thinking that somehow that's a good deal. It is not. Interest is still money out of your pocket, and unless you're in a tax bracket of more than 100 percent, you'll have a loss on every dollar paid. As Proverbs 14:18 says, *"The naive inherit folly, but the prudent are crowned with knowledge."*

7 EARLY MARRIAGE SYMPTOMS

Next I'd like to discuss the differences between symptoms and problems. Many young couples suffer financial symptoms, but remember that the symptom is only what you see on the outside. If you deal only with what you see, the problem will crop up somewhere else. You must deal with the source to correct the problem.

Why do people want to deal with symptoms rather than problems? Because relieving the symptom provides fast, temporary peace. Unfortunately, when the next symptom appears, it is usually worse than the previous one and more difficult to deal with.

Let's look at some escape mechanisms many husbands and wives use in futile attempts to ease the pain of financial troubles.

9 A WORKABLE BUDGET

The term *budget* has earned a bad reputation unjustly. Without fear of contradiction, I can say that everyone who does not live on a budget is not handling their finances efficiently, especially those people who think they don't need one. It's better to live on a budget and know where your money is going every month than to live without one and not know. A good budget does not restrict your freedom. It merely tells you when you have spent what you have agreed you can spend.

WHO NEEDS A BUDGET?

Most of the women I have ever counseled have said initially, "Oh, I know what a budget is. It's a plan where the husband gets to punish his wife." That is not the purpose of a budget. The purpose of a budget is for a husband and wife to communicate how they're going to spend their money, and then to have a guide to measure whether or not they're spending their money the way they have agreed they would. Many people think they have a budget, but in reality what they have is a detailed spending record. The only control they have over their spending is the balance in their checkbook. Obviously, that's better than borrowing to make up for overspending. But it is *not* a budget.

Developing a budget means more than just writing figures down on a piece of paper. It means sitting down and talking about your current situation, where you need to go, and constructively evaluating how you are going to get there. If you have children old enough to understand, they should be included in your budget discussion.

WHERE ARE WE?

A budget discussion must begin with your current situation. Perhaps you have never sat down and figured out exactly how much money you make and how much you spend every month. Most financial counselors have heard this response from couples who have filled out budget forms for the first time: "I know their relationship will be questioned and an air of distrust will be generated.

GET AWAY FROM IT ALL

Just as many people under the pressures of financial problems buy new cars and boats to lift their spirits, many families seek to escape their present symptoms.

When finances really get tight, one of the common tendencies is to take a vacation. The logic is simple: Retreat into something that will be remembered as a happy experience. On vacation, troubles are temporarily left behind. Unfortunately, those who try to avoid facing reality in this manner quickly discover that a vacation under stress is no different than a job under stress. By the time the trip is over, the symptoms are even worse.

The ultimate escape for many families is to quit their jobs and move to another area for a fresh start. Just as in the previous circumstance, this will not help. This get-away-from-it-all urge needs to be controlled and the situation faced squarely and honestly.

BILL CONSOLIDATION LOAN

A family that piles up debts from many areas—credit cards, bank loans, and finance company loans—is faced with a choice: Stop the flow of credit and reduce spending to pay off the debts, or look for new sources of money.

One of these sources is called a *bill consolidation loan.* The purpose is to combine several small debts into one large loan so that the payments can be spread over a longer period of time, thus reducing the monthly outgo. Most finance companies encourage such loans, especially when one of *their* existing loans will be refinanced. Why? Because the amount refinanced includes not only principal but some of the interest as well, so they actually earn interest on the interest.

The logic behind this kind of symptom treatment sounds reasonable. It does reduce the monthly payments in most cases. Where many of the debts are on credit cards, it may actually reduce the interest paid. But bill consolidation treats a symptom, not the problem. The symptom here is a lack of money on a month-by-month basis. The problem is overspending. Unless the overspending is stopped first, the symptom of debt will return in a few months, resulting in even worse problems. The family will be trapped with all the small debts back again, as well as the consolidation loan.

One advantage of bill consolidation loans is to provide extra cash. In other words, the finance company will consolidate the bills and also extend the loan to give some surplus money. Unfortunately, this only amplifies the original problem.

Often a family will use the surplus as a down payment on a large purchase (thereby incurring more debt) or put it aside as a buffer to use on monthly overspending. By the time the surplus is gone, they have adjusted spending to a higher level and then are dependent on it. Rather than adjust the spending down, they substitute credit-card spending.

A couple I'll call Don and Ann would have been classified as a typical young couple when they got married. They both came from middle-income Christian parents who loved them and indulged them, as most parents do today. As children, they both had chores to do and allowances that provided them with ample spending money. Later they both worked summer jobs for additional spending money to buy extras like records, tapes, and designer clothes. Their parents provided them with the use of the family cars in high school and later bought them cars of their own.

Without realizing it, Don and Ann's parents were acclimating them to a lifestyle they couldn't maintain on their own. Like most young couples, they tried to duplicate what their parents had, and more. At first they rented an apartment, but in less than six months they decided that apartment living was not for them. Their decision to move was cemented when a couple of young single guys moved into the apartment next to them, hung six-foot speakers on the wall between their apartments, and played loud music all night. Pretty soon they said, "We can't stand this apartment. We need a home." So they went looking for a house.

Don and Ann made a common mistake that many young couples make. They looked at four-bedroom, two-bath houses first. Once they saw them, they knew they could never be satisfied with a two-bedroom, one-bath home. They realized that the house they wanted was out of their price range, but the less expensive homes were in less desirable neighborhoods. At the same time, both sets of parents realized that they couldn't let the kids get stuck with run-down housing, so they encouraged them to look in the "better" areas.

With this kind of parental guidance, they just knew God was telling them to trust Him. They couldn't qualify to buy a home because they didn't have the down payment. So one parent loaned them $10,000 for the down payment on a $90,000 home. They tried to finance an $80,000 mortgage but couldn't qualify for that either, so the builder, a friend of the family, agreed to carry a second mortgage for $15,000. With their mortgage down to $65,000, they finally qualified. It only took about 60 percent of their total income to pay the payments, interest, and taxes.

Each month they struggled to make the mortgage payments, but they had to let other expenses back up. In about a year they found themselves deeply in debt. They couldn't even afford to keep their old car repaired since it took nearly $75 a month to keep it running. So they bought a new car at $275 a month. In another six months, they couldn't keep their mortgage payments current. There was not enough money to buy even the essentials. Since there seemed to be no other choice at that point, Ann decided she had to go to work. They were certain that more income would be the solution.

Their income increased a little, but their expenses increased even more. There was more eating out, more clothes, another car. Within another year, they had consumed her salary and were deeper in debt than ever before.

It is at this point where most couples decide to consolidate their bills. Don and Ann did exactly that. They borrowed from their parents to consolidate and pay off their small bills. They even made payments to their parents for a few months. With the pressures of the delinquent bills relieved, they assumed the problems were solved. Not so. With a house payment too high for their budget and two car loans, they fell right back into the same spending habits and, within a year, they had all of the little bills back again *plus* the consolidation loan.

By this time, they were having daily arguments about money and Ann was feeling great anxiety as they drifted deeper into debt. Their Bible study and their prayer time together were nonexistent. They didn't talk anymore. They argued about virtually everything, even nonfinancial matters. Creditors pressured Ann at home and at work with phone calls and certified collection letters. Usually creditors attempt to contact the wife, if possible, because they know if they pressure her, she'll pressure her husband.

If not corrected quickly, such a financial nightmare situation can lead to severe marriage problems. In Don and Ann's case, it led to a divorce that neither one ever thought could happen. Their mistake of buying too expensive a home was compounded by treating only the symptoms it created. Most couples can avoid these consequences, but only if they decide to deal with the problems, not treat the symptoms.

For instance, if a young couple spends more than they make, often they will ask their parents for help. Parents don't want their children to be under pressure so, with good intentions, they give or lend the kids money. Does that solve the problem? No. It treats the symptom. The problem will surface again elsewhere.

Until husbands and wives learn to manage the money they already have, more money will not help. God's Word teaches elementary principles of self-discipline. Most young couples have been taught to think the world's way. Now you must condition yourself to think God's way. Manage well what you have before looking for more.

8 CORRECTING THE PROBLEMS

The real problems surrounding finances are usually related to one of three basic areas: ignorance, greed, and communications.

Let's look at the first problem: ignorance.

IGNORANCE

Ignorance is not stupidity. Ignorance is a lack of understanding. For example, I received a call one afternoon from a young man who sounded very desperate. He said, "I have an urgent problem. My wife Melody has been arrested for writing a bad check, and they put her in jail. Can you help us?"

The first thing we did was arrange for someone to go to the jail and bail her out. When they both came in for counseling the next day, I asked Melody, "Why did you write a bad check? Did you do it purposely?"

"No," she said. "I don't understand it. I was sure I had enough money in my account to pay all of my bills."

It turned out that this was the *third* time Melody had written the same merchant a bad check. That's why she was arrested. I asked to see her checkbook, which she then handed over. Arthur Andersen and Company could not have balanced that checkbook! Apparently, being a courteous woman, she didn't want to keep anybody waiting in line while she wrote down the amount of her purchase, so she normally waited until she got home to record her checks. Sometimes she waited as long as a week or so to write them down. Anyone who has ever done this realizes that by that time, it's hard to remember whether a check was for $16.11 or $11.16, so Melody just wrote down something close. Usually she would write a question mark next to the amount of the check. Occasionally the amount would be scratched out with a note beside it. For instance, "See check No. 62." So I turned to check No. 62, which referenced check No. 61, which referenced check No. 59, and so on.

"My goodness, do you ever balance your checkbook?" I wondered aloud.

By this time she was crying when she said, "I try, every single month." So I asked her to explain how she balanced it. "Well, you know the bank sends me my cancelled checks, with a statement wrapped around them. The first thing I do is look through all of my checks to be sure that I actually wrote them. In other words, that they're my checks and not somebody else's." There's certainly nothing wrong with that. "Then," she continued, "I take the amounts on my checks, and compare them with the amounts in my checkbook. If I find that I've written the wrong amount in my checkbook, I correct it."

"Well, that's not the best method, but it's understandable. Then what do you do?"

"I look at the statement the bank sent me. It tells me how much money I have left in my account. Then I add that to my checkbook, and I can write some more checks."

I said, "No, I don't believe it works that way. You went through two steps of balancing a checkbook. But there are *seven* steps." I spent the next 30 minutes teaching her how to balance her checkbook; then she understood her mistakes. (*NOTE:* You will find the same procedure in Appendix A of this book.) We made only two other changes. First, she closed out her old account and opened a new one (no one could figure out how much was actually in the old account). Second, I had her start using a checkbook that provided a duplicate copy of every check written, so the amount was always certain. From that point on, she always balanced her account properly every month. This was not a stupid woman. She was a high-school math teacher with a graduate degree. She was intelligent, but ignorant. As Proverbs 27:23 says, *"Know well the condition of your flocks, and pay attention to your herds."* In other words, know what you're doing!

GREED

The second source of financial problems is greed. What does greed mean? "You have to have more, and you have to have the best." Today greed is accepted as normal. In our generation, it's taught under the guise that you owe it to yourself, or you buy it because somebody else has one too. The only way to overcome that philosophy is to ask, "What is God's plan for me? I don't want somebody else's plan."

Perhaps God wants you to live in an apartment complex for a while so that you can witness to people there. After all, God has to have His people stationed in apartment complexes around the country, doesn't He?

I think of a young couple I'll call Ben and Mary who made a conscious decision to live God's plan for their lives and not someone else's. Ben was an engineer with an MBA from Harvard. Mary was the only daughter of a very wealthy family. They were living in an affluent section of their city, with the best of what the "world" has to offer, when Ben felt strongly that God wanted them to move to a transitional neighborhood in the inner city.

Both of their families tried to talk them out of moving. But they were certain that they were supposed to have a ministry in an area that most middle-class families had abandoned. Within a year they had sold their BMW, Ben had quit his engineering job, and he was working with an inner-city planning commission.

During the next five years, Ben and Mary were responsible for organizing other middle- and upper-income families to raise funds for urban renewal. To date, they have refurbished over 100 run-down homes with totally private funds and have given or sold them (at no interest) to low-income families, particularly elderly people. Because Ben and Mary chose to live God's plan for their lives, several city officials came to know Jesus Christ as Savior and have become staunch allies of Christianity, to which they were openly hostile previously.

Perhaps God wants to teach us to trust Him, or perhaps to get along without all the trinkets and toys our generation strives after. At some point, every couple has to ask, "What is God's plan for us?" That's why it's so important for a husband and wife to communicate about money, because together a better balance can be attained.

One counselee thought his wife was the biggest spendthrift in the world. He was afraid she would spend all their money if she had access to it. So he managed their budget with little or no input from her. It was an area of real friction because she felt as if she were being treated like a child (which she was). Then God put this man under conviction that he needed to change his attitude. As it says in 1 Peter 3:7, *"You husbands likewise, live with your wives in an understanding way, as with a weaker vessel, since she is a woman; and grant her honor as a fellow heir of the grace of life, so that your prayers may not be hindered."* This admonition is pretty stern. If you don't treat your wife as your fellow heir (partner), God will not answer your prayers. So this man's choice was: "Do I treat my wife as my partner or go through life with muted prayers?" With great fear and trepidation, he turned all the finances over to his wife. He let her write the checks, balance the checkbook, and pay the bills. Do you know what he discovered? His wife was twice as frugal as he ever was and a better bookkeeper too. He opened the greatest area of communications they had ever known and learned that God had put his wife in his life as a helpmate.

COMMUNICATION

The last problem area I would like to discuss is lack of communication. Money is an area of marriage that can be used to develop good communication. It is a tool God has given you to learn a great deal about each other. For instance, just talking about the kind of home you want to live in helps you to learn a lot about each other.

The kind of house we live in doesn't really matter to me. If it weren't for my wife, we'd be sitting around on egg crates and boxes, most probably. In fact, my idea of the ideal house is an all-brick, maintenance-free one-story sitting on green asphalt (no grass). But Judy's ideal home is a two-story colonial on 40 acres of grass. We compromised with a two-story rustic on one acre, and I get to spray every blade of grass with weed killer and cover the yard with pine straw.

However, cars are different. I love machines and select the cars we buy with great care. I want the best buy, best mileage, least maintenance; but that doesn't matter to my wife at all. All she cares about is, "Does it have an automatic transmission and air conditioning?" As we have learned how to talk about these things, we also have learned a lot about each other.

We have discovered also that money is an excellent tool for parents to learn a great deal about their kids' basic values long before questionable values become damaging habits. You'll find out what's really important in their lives. Remember what we discussed earlier? The way you handle money is the clearest outside indicator of what's going on in your life spiritually. The same thing is true about your children. We'll discuss money and children more fully later.

Money is a tool for God to measure our obedience to Him. God's discipline is for our good, not our harm. As Proverbs 13:18 says, *"Poverty and shame will come to him who neglects discipline, but he who regards reproof will be honored."* I read a story that demonstrates this principle. It seems that a kindergarten was located in a little town that developed into such a thriving community that a four-lane highway was built right next door. When the new road was finished, the traffic increased tremendously. When the teachers let the kids go out to play, some would huddle close to the buildings for fear of the cars; the others were continually having to be warned to stay away from the highway. At last the principal of the kindergarten had a six-foot, chain-link fence installed around the play yard. The next day when the children went out for recess, they played right up against the fence. The fence restricted their freedom, but it also provided a safe boundary that allowed them the maximum limits of their playground.

Money should be used the same way. Discipline yourself with regard to money, and you'll find that it does not restrict your freedom. It allows you to expand to the full measure of what God wants you to have.

The minimum discipline in the area of money is called a budget. A budget answers the questions, "Where is my money coming from this month, and where is my money going this month?" That's all a budget can do. Everyone needs a budget—especially young couples. A budget has to be detailed enough that it will help you manage money but not so detailed that it feels oppressive. I'll be discussing budgets extensively in the next four chapters.

9 A WORKABLE BUDGET

The term *budget* has earned a bad reputation unjustly. Without fear of contradiction, I can say that everyone who does not live on a budget is not handling their finances efficiently, especially those people who think they don't need one. It's better to live on a budget and know where your money is going every month than to live without one and not know. A good budget does not restrict your freedom. It merely tells you when you have spent what you have agreed you can spend.

WHO NEEDS A BUDGET?

Most of the women I have ever counseled have said initially, "Oh, I know what a budget is. It's a plan where the husband gets to punish his wife." That is not the purpose of a budget. The purpose of a budget is for a husband and wife to communicate how they're going to spend their money, and then to have a guide to measure whether or not they're spending their money the way they have agreed they would. Many people think they have a budget, but in reality what they have is a detailed spending record. The only control they have over their spending is the balance in their checkbook. Obviously, that's better than borrowing to make up for overspending. But it is *not* a budget.

Developing a budget means more than just writing figures down on a piece of paper. It means sitting down and talking about your current situation, where you need to go, and constructively evaluating how you are going to get there. If you have children old enough to understand, they should be included in your budget discussion.

WHERE ARE WE?

A budget discussion must begin with your current situation. Perhaps you have never sat down and figured out exactly how much money you make and how much you spend every month. Most financial counselors have heard this response from couples who have filled out budget forms for the first time: "I know we don't spend that much money. Where does it all go every month?"

It probably goes into "Miscellaneous." Usually when a couple fills out their budget sheet for the first time, I know that approximately two-thirds of the information will be accurate and one-third totally inaccurate. The first two-thirds of the sheet deals with fixed items, such as the house payment, car payment, and insurance; but the last third, the miscellaneous category, deals with variables such as food, gas, and clothes.

Often couples estimate the miscellaneous category on the budget form to range from $40 to 50 a month. Experience tells me that isn't so. Nearly everyone spends more than $40 to 50 a month on miscellaneous items, especially those not living on a budget.

Once I have added all the figures on the expense side, I compare them with the figures on the income side. Unfortunately, there often seems to be a difference between what the figures say the couple is spending and the amount of money they are borrowing on a month-by-month basis. The difference is usually the result of miscellaneous expenses. Did you ever pay off an automobile or get a raise and, without seeming to increase your spending, find that in three or four months all the money had been absorbed? Where did it go? Into "Miscellaneous."

JUST A LITTLE MORE

One of the purposes of a budget is to control miscellaneous spending and evaluate where the fixed spending is excessive. There will never be enough money in the budget until spending is under control.

A few years ago I met a surgeon who confirmed this principle for me. He earned over $100,000 a year and had done so for nearly 10 years; yet he was always in debt. This doctor's early years were interesting. He had grown up in an orphanage, worked through four years of college in virtual poverty, worked four years in med school in virtual poverty, spent four years in residency training in virtual poverty, and then suddenly had an income of more than $100,000 a year.

He didn't think that anyone could spend that much money. However, anyone can spend any amount of money. It may take more ingenuity after $100,000, but certainly it can be done, and he proved it.

After a conference in his city, I received a telephone call from him. "The next time you are in town, I would really like to have a chance to talk to you. I think I have a problem," he said. "Last month I made $27,000 and spent $32,000." I agreed that he really did have a problem.

A few weeks later as I went through his records, I found he had his office, home, and all other finances linked together. His receptionist, who was also his bookkeeper, paid all the bills. For the month in question, I found that he had spent nearly $8,000 on a Jeep for his son, who had wrecked it without insurance coverage; and the doctor had bought him another one. It went on and on. When I asked him about these expenditures, he said, "But that was an abnormal month. That couldn't happen every month."

But as we looked back over the previous five or six months, it seemed that something equivalent had happened every month. He had so much money in oil wells that he could have bought part of Texas.

He had almost convinced me that he could control his spending without drastic measures until we walked into his backyard and I saw an airplane without wings. I asked him, "Why in the world do you have an airplane in your backyard? Does anyone in your family fly?"

"No, nobody flies. I bought it as a tax shelter because it would be a good depreciating asset." I congratulated him on the selection of that investment because it had really depreciated in his backyard!

As we began developing a budget, I found that he could have lived on a fourth of what he made and maintained the same standard of living. Obviously, he could not have bought the new cars, Jeeps, greenhouses, or all the other indulgences he was involved with, including several get-rich-quick programs.

He and his wife settled on a budget of $24,000 a year. Before I left I said to his receptionist, "If he wants to get any more money, call me first."

During the next months, they lived within their budget simply by adjusting spending to the necessary rather than the lavish. After eight or nine months, I received a call from the good doctor, and I could almost see him beaming through the phone. "I've found that we have our spending under control and three things have happened as a result. First, I'm able to reduce the fees in my practice. Second, we're able to have surplus money and use it for both our family and the Lord's work. Best of all though, we have peace in our lives for the first time ever."

WHAT IS A BUDGET?

A budget is actually a yearly plan divided by 12. It must account for *all* spending, including the non-monthly items such as clothing, insurance, and maintenance, so that when those things come due, the money is already put aside to pay for them. It's a freeing feeling to know you have the money in savings to pay for the non-monthly items that normally create such crises if you've laid nothing aside for them.

For instance, let's assume that you have a $600 insurance payment due on your car each November. Beginning in December, you must put $50 a month aside so that by the next November, you will have the $600 in the bank, awaiting your insurance bill. If you don't have a budget, that $50 per month (and any other) is usually treated like a windfall profit and spent. Then, come November, it's panic time and often heated arguments occur.

The fact that you put $50 a month aside for insurance is a discipline, but it does not restrict your freedom. It frees your mind not to worry about that payment. That is the real purpose of a budget. It promotes oneness because a husband and wife can make decisions together. For instance, when you go to buy a car and have worked out a budget so that you know you have $150 a month to spend on a car, including payments, maintenance, gasoline, and insurance, what does that mean? You know you can't buy a new car. It probably means that on a $150-a-month budget, you can't buy any car that costs more than $75 a month per payment—and that narrows down your choices.

But this is the point where the practical (a budget) merges with the spiritual (faith). God can provide a car within your budget if you're willing to trust Him. In fact, after praying about it, you may decide that God's best is to keep the car you have and save until you can afford a better one. As you learn to be faithful in a small thing, God will entrust bigger things to you. *"He who is faithful in a very little thing is faithful also in much; and he who is unrighteous in a very little thing is unrighteous also in much"* (Luke 16:10).

So the purpose of communicating about money in your marriage is to bring you closer together, to teach you more about trusting God, to create a oneness, and to free your minds.

10 A WORKABLE PLAN

Some years ago I was counseling a couple I'll call Keith and Laura who were having difficulty controlling their spending. During the first counseling session I said, "I want you to go home and develop a budget together. But," I warned, "don't try to correct three years of bad habits in the next three months. You can't do that. Also, don't create a budget that's so restrictive that it allows nothing for entertainment or recreation."

When they returned about two months later, I asked Keith, "How do you like your budget so far?"

He said, "This is the greatest. I love it. We have our finances under control for the first time ever."

Then I asked Laura, "How do you like your budget so far?"

She replied, "This is absolutely the worst thing that has ever happened in my life."

"Why do you say that?" I asked.

"Do you remember talking to us about controlling our expenses and writing everything down?"

"Sure."

"And you said that we have to learn to control our miscellaneous, right?" (Miscellaneous is the category that eats up all of your money and you can never remember where it went.)

"Sure."

"Well, the thing that you didn't realize is that *my* hair is miscellaneous, *my* car is miscellaneous, *my* clothes are miscellaneous." She went through all the things that Keith considered miscellaneous and should be eliminated from the budget.

"But," she continued, "one thing that is not miscellaneous is his bass boat. That's a necessity of life. A new deer rifle. That's not miscellaneous; that's a necessity of life. You know," she said, "I think this budget is a little too restrictive. He gives me 50 cents a week for soft drinks. But I have to bring back a crushed can to get another 50 cents."

Well, I also thought that budget was a little too restrictive, so I asked Keith, "Would you mind if I took a look?"

"No," he said. He was quite proud of it.

Normally we use a very simple workbook that helps a family to budget, because I've found that the simplest budget is the best. I have an eight-foot counseling table in my office on which Keith laid out *his* budget. He unfolded it and unfolded it and unfolded it. It lapped over my eight-foot table, both length and width. It certainly was a detailed plan! He had plotted out everything they were going to spend for five years, down to five cents. Every item was budgeted including one labeled, "Free money for my wife, 50 cents per week."

"Well, that's really interesting," I observed. "What's the last item down here, miscellaneous cash?"

"Well, that's travel money for me."

I asked, "Well, how much is that?"

"About $75 a week."

"Don't you think there's a disparity there somewhere? She gets 50 cents per week and you get $75 per week."

"Yes, but I travel and I need expense money."

I said, "Oh, I see. Your company doesn't pay for your travel."

"Oh, sure they do."

"And don't they pay for your lunches?"

"Yes, they pay for my lunches."

"Well, where is this $75 going?" I asked.

"Well, it's going into bowling, and I like to do some fishing."

"My friend," I said, "it doesn't work that way. You've created a unilateral budget. It works well for one person. Do you know how long you're going to keep Laura on that budget? About three months. And then she will suffer what I call the 'Custer' syndrome. Do you know what that means? CHARGE! No one can live on that kind of a budget. It's doomed to failure."

Any good budget has to be a plan created *by* two people *for* two people, not a plan created by one person for two people. You must pray about it together, commit it to God together, and have a peace about it together. And it has to be fair for both. Whatever spending money the husband gets, the wife gets the same amount (and vice versa). If she gets $50 a month for clothes, he gets $50 a month for clothes. If he gets $50 a month for a bass boat, she gets $50 a month for whatever she wants.

It must be a plan that is fair for both husband and wife because a good marriage is a partnership. If you can learn that in your marriage, you'll have the best communication tool available. If you don't, you'll have the biggest arguments imaginable. This is typically what's happening in America today.

SUMMARY

What then is a budget? It is simply a plan to manage the money in your home. There is nothing magical about a budget, however. It will not work by itself; you must put it into practice.

Every area of your spending must be reviewed to determine if you are spending the correct amount. If you're not, you must decide how you can adjust. A budget, if used properly, should help to determine what kind of a home you can afford, what kind of a car you can drive, how much insurance you should have, even what kind of clothes you wear.

Your budget should be a reflection of you. It should be a plan to bring peace, not conflict, into your home. If, as husband and wife, you find that you cannot agree on a budget by yourselves, consult a pastor or a counselor in Christian financial service.

Ask him or her to help you develop a budget and act as a sounding board. *"Without consultation, plans are frustrated, but with many counselors they succeed"* (Proverbs 15:22).

WHO NEEDS TO BUDGET?

Obviously, those who are in debt need to budget. Why? Because they're spending more than they make. The budget is a plan to balance spending with income.

Others who are not in debt also need a budget. Why? Because it's also a plan for controlling spending. A budget should help determine where to cut back to develop a surplus. It's that surplus that God is able to use to enhance both your lives and His work.

Next I'll help you go through a typical budget, item by item, to determine how much should fit into each category. I would suggest that you read through this entire section before you attempt to develop a budget. After you have finished this next section, refer to Appendix B as your guide.

11 ESTABLISHING A BUDGET

In this section, we're going to look at the "how to" side of handling money in the home – more specifically, how to develop a budget. Remember that a budget is nothing more than a plan for how you're going to handle your money over the next year. As I said earlier, it's crucial in talking about a budget to remember that it is a plan for managing *all* of your money over the next year. We're going to divide it into monthly segments, because most families handle their money on a month-by-month basis.

If I were a pastor, which I am not, I would never marry a couple who had not first developed a budget, showing me how they were going to spend their money over the next year. Once they had done that, I would assign them to an older couple in my church who would then meet with them once a month for the next 12 months to ensure that they were living on their budget. After 12 months, they would know how to manage their money properly. By just doing that one simple thing, we would make the vast majority of new marriages secure.

Without a doubt, a budget will restrict your freedom. As I said earlier, it's a lot of fun to get into debt. In fact, there's practically nothing more fun than getting into debt. However, getting out of debt is painful. The principle of getting out of debt is simple. Reverse the process by which you got into debt. If you got into debt by overspending, you get out of debt by underspending. Not only do you have to cut back to where you don't borrow anymore, you must cut back enough to retire debts, with interest, and that's pretty tough.

Jack and Penny were a young couple who had a ball getting into debt. Jack had accumulated nearly $16,000 in school loans while in college. Penny had financed much of her college also, but primarily through teaching grants—each year she worked as a teacher, a portion of her bill was paid. In about 10 years, she would be totally debt-free.

Jack's dad, a pastor, died a year before Jack's graduation, and his mom simply went into a shell for two years. Jack's last year was spent working a full-time job and going to school. His mom gave him her credit cards to use with virtually no guidelines except that he had to pay his own bills.

By graduation, Jack owed nearly $4,000 on credit card bills for purchases including tires, clothes, and food. He knew vaguely what he owed, but felt it was "manageable." When he and Penny got married, Jack charged their honeymoon, a stereo, furniture, TV, even the utility hookups for their apartment.

Jack's plan had always been to work a couple of years to pay off his debts, then go on to seminary—a noble ambition, but one that turned out to be very unrealistic. About two months into their marriage, Penny began to notice the volume of bills they received each month. Coming from a missionary family, she had never seen how nasty creditors can get, because her parents never borrowed money.

She asked Jack about the bills and late notices. He said it had to be some mistake, because he knew there was no way they could owe all that money. He began to pay minimum amounts on the most urgent bills. But basic budget needs, such as rent, an automobile lease, and utilities left little to pay on the debts.

Reality struck home when, at home one day, Penny had to sign a summons to appear in court for a delinquent bill. She panicked and started a crying spell that lasted a whole day. Fortunately, Jack was shaken enough that he sought immediate counsel from his pastor who sent them to a volunteer financial counselor.

The bottom line was that they owed: (1) $7,000 in credit card bills that required a minimum payment of nearly $250 a month, (2) a car lease of $180 a month, (3) school loans of $70 a month, and (4) a promise of $100 to repay a loan to a family member. Just the minimum payments on the debts alone took nearly 30 percent of their total income.

Fortunately for this couple, they were offered the chance to move in with Penny's parents. With a newfound humility, Jack discovered the truth found in Proverbs 15:16. *"Better is a little with the fear of the Lord, than great treasure and turmoil with it."* It took nearly all of the surplus income for three years to get the consumer debt paid. It will take them another five years to get rid of Jack's school loans. Jack found it would not be possible for him to go to seminary and pay on his loans. He elected to attend a correspondence seminary while still working.

AVOID THE EXTREMES

There are two extremes that many couples often adopt in their finances. One is to be too lax and not do any financial planning at all. That's typical of most young couples today. In fact, I would venture to say that most young couples don't know within $100 a month what it costs them to live and don't know within $50 how much is in their checking accounts. When asked, "How do you think you're going to get by?" they often reply, "Well, we'll just have to trust God."

They think they're operating on faith. In fact, they are operating on presumption, or what I call the "bird-in-the-field" syndrome. Consider Christ's parable recorded in Matthew 6:26:

"Look at the birds of the air, that they do not sow, neither do they reap, nor gather into barns, and yet your Heavenly Father feeds them. Are you not worth much more than they?" If you tend to operate by this philosophy, think of this perspective: Have you ever seen a bird sitting on a rock waiting for worms to come wandering by? Hardly so; every bird I've ever seen was up earlier than you and me, turning over rocks looking for worms.

If you find that your expenses exceed your income, you must do one of two things: either cut down on your expenses or increase your income (or some combination thereof). If you can't figure a way to do it before you're married, let me assure you, it's not going to be easier to do it after you're married. Many couples think they can adjust after marriage, and end up in debt. Unfortunately, many also end up in divorce court, Christians included—something none of them set out to do.

I have never counseled a single couple who said, "Larry, we just wanted to share with you our five-year goal. Five years ago when we got married, we set out to get so miserably into debt that I can't stand my wife and she can't stand me. We don't ever pray together and we don't ever go to church anymore, but we are right where we wanted to be." No couple wants that. Do you know what they say? "How in the world did this happen? How did we let ourselves get into a mess like this? What can we do to get out of it?" The best thing that you can do is never let it happen in the first place.

A BALANCED BUDGET

Most couples have some gaping holes in their budgets. These holes are budget categories that have been excluded, such as clothing, entertainment, and vacations. That's fine if you're never going to need those things. But most of us do, and to leave them out makes the budget look good, but deceivingly so.

Most initial budgets have no allocation for clothing. When asked about it, most Christian couples respond, "We're going to trust God for our clothes." I usually then inquire, "Does that mean that you're going to do without them if God doesn't provide?" Obviously, that's not exactly what they meant. Is it realistic to believe that a young couple will never buy any clothing? Since you rarely see a naked couple at church, I hardly think so.

KEEP IT SIMPLE

The budgeting system that we use is very simple, purposely. When I first began to counsel, I went to several bookstores and bought every budget book available because I needed a plan to help couples get started. Most of the budget books were written by accountants, and only another accountant could understand them. They had 30 pages of information to fill out. If most couples could do that, they probably wouldn't need a budget.

EXAMPLE:

TOTAL MONTHLY PAY: $1,500 (NET)

	1st $750	**15th $750**
1. Tithe	**$ 75**	**$ 75**
2. Taxes	**0**	**0**
3. Housing	**500 (mortgage payment)**	**250 (utilities)**
4. Auto	**25 (gas)**	**100 (maintenance, etc.)**
5.		
↓		
12.		

In fact, I believe a budget should be so simple that, if it takes more than an hour each month to maintain it, it's too complicated. So I began to consider: What is the simplest budgeting plan that anyone can have? It's the system that many of our grandparents used before there were many banks and checking accounts: envelopes. They kept their money in jars or envelopes. They had envelopes for the tithe, taxes, housing, food, and automobile. In our budget system, it takes 12 envelopes. On the outside of each envelope is noted the amount of money to be spent on that category each month.

For instance, if the total housing budget is $750 per month, including the mortgage payment, utilities (average), telephone, and insurance, each allocation would be shown on the envelope, with the total being $750. If you were paid twice a month, it would be divided proportionately, depending on when the payments were due (see page 62). Since most rent or mortgage payments are due on the 1st of each month and other payments are not due until later in the month, the amount allocated per paycheck would have to be adjusted accordingly.

THE ENVELOPE SYSTEM

Many couples I have counseled have used the envelope system, and it does work. I don't recommend it for everybody, but for some couples who are working up to keeping a checkbook balanced, it's the only plan that will work in the interim. There's a secret to making the envelope system work. For instance, if you have an envelope marked "Entertainment and Recreation," and you allocate $75 a month to entertain and recreate, when you go out you take your "Entertainment and Recreation" envelope with you. You pay from the envelope and put the change back in the envelope. What makes the system work? When you look in the "Entertainment and Recreation" envelope and it's empty, you stop entertaining and recreating for that month. And there is no other way any budget will work. Remember, a budget is only to tell you when you have spent what you have agreed that you can spend.

Your budget should allocate the total amount of money you have available each month by dividing it into categories totaling 100 percent. If your spending comes out to more than 100 percent, you have a problem. Obviously, most families won't use the envelope system exclusively because most of their money is deposited in a checking account.

USING ACCOUNT SHEETS

Therefore, a checkbook equivalent of the envelope system is what most families need. In this system that I will call the "account sheet" system, a one-page account record is substituted for each envelope.

All the money, except for cash accounts like lunch money, gas, and entertainment, are deposited in the checking account. On each sheet is written how much can be spent per month (or pay period). For instance, suppose your miscellaneous car allowance is $100 per month, excluding payments, and let's

EXAMPLE:

ACCOUNT __**AUTO**__ **ALLOCATION** __**$100**__

1ST __**$50**__ **15TH** __**$50**__

DATE	TRANSACTION	DEPOSIT		WITH-DRAWAL		BALANCE	
1ST		50				50	
2ND	GAS			20		30	
5TH	OIL			12		18	
15TH		50				68	

assume, for simplicity's sake, that you get paid twice per month—on the 1st and 15th.

On the 1st you would reflect a $50 deposit on the car account sheet. Then you write a check for $20 to buy gasoline. On the account sheet, you deduct $20 from $50, leaving $30. Then you buy some oil for $12, leaving $18. On the 15th, you're paid again. All of the money (except cash needed) goes into the checking account and is spread across the various account sheets. In our example, the car account sheet would get another $50 deposit, leaving a $68 balance.

The way the budget works is that the amount left on the account sheets tells you how much you have left to spend in any category, just as an envelope would. What makes this system work is a commitment to keep it up to date, which will take about one hour a month, and a commitment to spend according to the account sheets, not your checking account balance.

Nothing keeps you from robbing one account to feed another, but at least it forces you to think about what you're doing, and that's all any budget can do. Most people spend out of their checkbooks. If they have money left in their account, they think it's a windfall profit. But, in reality, it's expenses that haven't come due yet.

SPENDING DIARIES

It's not uncommon for a couple to have little or no idea of what they actually spend on items such as vacations, gifts, or miscellaneous purchases. There are two methods I have used to determine this. One is to review their spending for the previous year (however, if they primarily used cash, the records probably will not be available).

A second method is to keep diaries (husband *and* wife) for at least one entire month. Then by combining both diaries, they have a picture of their actual spending. But there is still some spending that won't be reflected. One area that is often overlooked in a budget is vacations. To determine how much is spent usually requires some honest interchange between husband and wife.

INDIVIDUAL ACCOUNT PAGE

ACCOUNT

ALLOCATION

DATE	TRANSACTION	DEPOSIT	W/DRAW	BALANCE

[Taken from Larry Burkett's *The Family Planning Workbook*, Moody Press. Used by permission.]

I can remember sitting down with a couple who were overspending several hundred dollars a year. Normally, at the initial counseling session I just ask a husband and wife how much they spend in each area of the budget. We go through each category and write it down. We had worked our way down to the entertainment and recreation category. A subcategory under recreation is "Vacation." I asked the husband, "How much do you spend a year on vacations?"

"Oh, about $300."

His wife said, "Now, Honey," and after thinking about it, he concluded, "Well, $500." His wife said, "Now, Honey." (That's why I always counsel two people. You get much better answers.)

Finally, four "now, Honey"s later, we were up to about $1,200. I said, "Okay, $1,200 a year for vacations. That's $100 a month. I want you to save $100 each month for vacations."

"For goodness sake, I can't afford $100 a month for vacations," he exclaimed.

"Right," I said, "you can't afford $100 a month for vacations." That's where about $800 a year in credit card expenses were coming from. They also overspent about $400 a year at Christmas, and $300 more than they could afford on birthdays and anniversaries. The result was $7,000 in credit card debts with no way to pay them.

I would hope that by this time you recognize the need to develop a budget. If you're not married yet, you have a great advantage in that you and your fiancé(e) can plan ahead and avoid most of the financial problems that other couples frequently experience. If you're newly married, now's the time to start. If you're already having financial difficulties, don't wait. Start as soon as possible.

Hopefully, you also have a grasp of some important principles of budgeting:

GIVE GOD'S PART FIRST

"Honor the Lord from your wealth, and from the first of all your produce; so your barns will be filled with plenty, and your vats will

overflow with new wine" (Proverbs 3:9-10).

The foundation for any family financial plan must be built upon God's Word. Throughout His Word, giving a portion of our wealth is described as essential to our receiving God's wisdom. This is not for God's benefit, but for ours. The willingness to surrender to God a portion of what we have is the external evidence of an internal commitment.

There will never be "enough" to give. You must simply commit that portion to God and adjust the rest accordingly. When you do this willingly and obediently, God promises to provide His wisdom to manage the rest. *"There is one who scatters, yet increases all the more, and there is one who withholds what is justly due, but it results only in want"* (Proverbs 11:24).

DEVELOP GOOD RECORDS

It is impossible to manage your money without keeping good financial records. These include:

(1) a good double-entry ledger where all checks and bank expenses are posted;

(2) a ledger-type checkbook (or even better, one with a duplicate copy); and

(3) a budget book defining the amounts to be spent on each household expense each month. This should be simple but complete.

We will review the specifics of budgeting in more detail a little later.

DIVIDE THE RESPONSIBILITIES IN THE HOME

It is important for both husband and wife to recognize their joint responsibilities in the home. It is sometimes taught that finances are the husband's sole responsibility. That simply is not true. God put two different people together, neither of whom is superior nor inferior, only different.

The husband is the final authority in the home, but God also assigned some responsibility and authority to the wife. If the wife in the home can manage finances better than the husband, then she ought to be the bookkeeper. In fact, wives are the bookkeepers in over 80 percent of the homes. And there is nothing wrong with this. We must put aside once and for all this nonsense that somehow the authority in the home is undermined when the wife handles the books.

But this does not mean that when finances are in a mess the husband leaves it to his wife to bail them out. They must both sit down, divide the responsibilities for the home finances, and decide who can best handle what. As far as contacting the creditors and working out a plan to pay, that is obviously the responsibility of the husband.

But deciding how the money should be divided into the various expense categories is a job for both husband *and* wife. They should create a compatible, cooperative plan, not one based on one individual's whims.

PROBLEMS TO WATCH FOR

• BOOKKEEPING ERRORS

It is impossible to have a home budget without balancing your checkbook. If you cannot balance your records, ask your bank account manager for help. Here are some things that you should do to help keep a good checkbook.

(1) Use a ledger-type checkbook (as opposed to a stub type).

(2) Before you tear out the first check, write in every check number.

(3) Before you tear out a check, record the information in the ledger.

(4) One spouse should keep the ledger and the checkbook so that only one person is actually making entries.

(5) Balance the ledger every month without exception.

• HIDDEN DEBTS

Hidden debts usually include bills that do not come due on a monthly basis. Your budget must provide for these. If it doesn't, such expenses will take all the surplus money for a whole month when they come due.

An example of a hidden debt is insurance that is paid on a yearly basis. The needed amount should be divided by 12 and put aside every month.

Since dental and medical bills don't come due every month, estimate how much you spend on a yearly basis, divide that amount by 12, and put aside that money every month also.

The same thing is true for clothing, automobile repairs, vacations, and so on. Failure to do this will ultimately wreck your budget. Other debts that are commonly overlooked are magazine subscriptions, credit owed to family or friends, taxes, and investments.

• IMPULSE ITEMS

Impulse items are the things you always wanted but never needed. As mentioned before, credit cards are the primary means of buying on impulse. Therefore, if you stop the credit, you probably stop the impulse.

Impulse purchases can be very small or very large. They range from buying homes and cars to buying lunch. The price of the object is not the important issue; its necessity is. You must consider every purchase in light of your budget.

Here are some hints on how to reduce your impulse buying.

(1) Use a delayed purchase plan. (Buy nothing outside of your budget unless you wait 30 days.)

(2) Check and record at least three other prices within those 30 days.

(3) Allow only one new purchase at a time on your impulse-buying record.

(4) Never use credit cards for impulse purchasing.

I never bought large things on impulse, but the small things were still impulse purchases. Tools were my weakness. I would go into a department store and see all kinds of tools that I never needed but always wanted. Since my budget couldn't stand the strain, I decided to break the habit.

I began by posting an impulse buying chart on my bedroom door. I determined not to buy anything that cost $10 or more unless I waited 30 days and got 3 more prices. Also, I could not have more than one item on my list at a time. I continued that plan for over six months without purchasing a single item on my chart. The reason was obvious: Once I left the store, the impulse passed, and before the 30 days were out, I'd identified something else I wanted more. Later I discovered a plan that was infallible: Stay out of the stores.

- GIFTS

It is unfortunate that we place so much importance on gifts. But since we do, they should be a part of the budget. You should consider the amount you will spend on gifts every year and plan for their purchase.

Regardless of your financial status, in debt or otherwise, determine to bring gift-giving under control. Here are a few hints that may help you.

(1) Keep an event calendar during the year and plan ahead for the gifts. Buy on sale. Shop for birthdays and anniversaries ahead of time, so you don't have to buy quickly.

(2) Initiate some family crafts and make some of the gifts that you need. Not only will making gifts help bring your family together, but they also reflect more love.

(3) Draw names for selected gifts rather than giving each family member something.

(4) Do not buy gifts on credit. Credit reflects very little love.

(5) Help your children earn money for gifts. You also can help your children to be aware of others' needs. Perhaps rather than giving a family member a gift, they could give to someone who really needs it.

Next I'll go, item by item, through a typical family budget and give guideline percentages for each category. To help you be better stewards, I also will offer suggestions I have gleaned from counseling many couples.

12 THE GUIDELINE BUDGET

CATEGORY 1: HOUSING

The largest category in most budgets is "Housing." Average-income families struggle most with this category. An "average" couple earn about $24,000 a year, are between the ages of 24 and 29, and have 2 children. They're operating off of two salaries and have less than two weeks' income in savings. About 60 percent of the couples below the age of 35 rent, and about 35 percent are buying a home. The other 5 percent live with parents, own a home, or have some unique situation. The initial step into debt for most young couples begins with an overcommitment to housing. All too often they have qualified to buy a home by borrowing the down payment (usually from a relative) and combining two incomes.

I *always* counsel young couples to avoid making long-term commitments based on his and her incomes. Inevitably, something will happen to interrupt the wife's income. I recommend that they save the wife's income for single purchase events, such as a down payment, an automobile, or vacation, but all monthly expenses should be calculated based on the husband's salary *only*, particularly long-term commitments such as a home mortgage.

To figure a young wife's money into your budget virtually guarantees an eventual disaster. One such "disaster" is pregnancy. Several years ago I had a young wife call at about three o'clock in the morning, announcing, "We have an emergency."

"What kind of emergency?" I asked.

"I'm pregnant."

"Well, just how pregnant are you?"

"Seven months."

"That's not much of an emergency."

She replied, through obvious tears, "It is now, because we don't have the money for the baby."

As many others, this couple had laid no money aside and had purchased a home based on her income and his. Their financial situation was rapidly going from bad to worse. Until they decided to adjust to a one-income home, it couldn't get better.

The housing category should consume about 38 percent of net spendable income. Remember that *net spendable income* means after tithes and taxes. Within that 38 percent is everything associated with housing, including the mortgage, taxes, utilities—even the telephone bill. For a couple earning $24,000 a year, that's about $760 a month. Clearly, the "average" couple can't afford the average home. Their budget won't handle it.

Many couples ask, "Is it better to rent or to buy?" The answer is, to buy—but only if you can stay within your budget. If your budget won't handle the payments, don't buy. It's better to rent and live peacefully than buy and be in financial bondage. As the Bible teaches, *"By wisdom a house is built, and by understanding it is established"* (Proverbs 24:3). Most couples would be advised to buy a small home the first time, put their time and effort into it, and use that as seed money for their next one. By exercising self-discipline and good planning, most couples can own a home debt-free in about 12 years. Instead, the norm today is to buy too large a home initially, trade three to four times when the debts get overwhelming, and still owe for a home after 30 years of marriage.

We use an example in teaching seminars on family finances that I would like to share. Two husbands, whom we'll call Bill Big and Sam Small, are considering buying their first homes. The question is: Is it better to buy big or small?

Bill Big decides to buy what he can "afford," so he buys a home for $125,000 at 10 percent interest for 30 years, financing $115,000. His payments are $1,000 a month for 30 years, so he pays $360,000 for his $125,000 home.

Sam Small, on the other hand, bought a $70,000 home and financed $60,000 for 7 years at 10 percent, so his payments were also $1,000. Sam sold his home for $70,000 after 7 years when the debt was paid (no profit). He then took his $70,000 and bought a $125,000 home next to Bill Big, financing $55,000 ($125,000 minus $70,000) for 7 additional years at 10 percent. His new payments were $913 per month.

After 7 more years, Sam owned his $125,000 home, debt-free, and had paid a total of $160,692 for it, including interest.

7 years at $1,000/month = $ 84,000
7 years at $ 913/month = 76,692
$160,692

But Sam is not finished. Bill Big has approximately 15 years to pay on his mortgage. So Sam takes his last monthly payment amount ($913) and puts it into a pension plan at 8 percent annual interest.

When Bill owns his $125,000 home at the end of 30 years, Sam owns his too. But Sam also has $353,521 in his pension plan. The value of Sam Small's strategy is self-evident. As Proverbs 21:5 says, *"The plans of the diligent lead surely to advantage, but everyone who is hasty comes surely to poverty."*

Once you decide that you are able to afford a home, you'll be faced with multiple other decisions and added costs. Most couples would be well advised to buy a good used home the first time. New homes always cost more than anticipated, especially during construction. They lack curtains, lawn-care tools, and a myriad of other items necessary to make a house a home. With used housing, many of these items can be negotiated in the sale, not the least of which includes shrubbery.

The disadvantages of building a home are well known among contractors, and you would think their children would know better, but Warren didn't. He and Sherri had been married about three years when an unexpected dip in mortgage rates enticed them to buy their first home. Warren's father was a building contractor in another state, and since Warren had worked with him some, he felt he could build more cheaply than he could buy a used home.

He and Sherri planned their home out very well, taking into consideration building costs and what they could afford in mortgage payments. Sherri's parents gave them $10,000, which purchased their building lot. Every detail was worked out, right down to the wallpaper and paint.

Everything went smoothly through the initial phase of pouring the foundation and framing the house in. But as soon as the interior walls began to be raised, Sherri noticed a few changes that should be made. It really wasn't much—a closet widened, a doorway moved, a window relocated. Then the fireplace was changed to a woodstove for better efficiency and the attic was floored for extra storage. The final tally increased building costs by $9,000.

Needless to say, they were shocked and alarmed. The bank had qualified them at the lower price and would not increase the loan. They ended up selling the house before they ever moved into it, though they actually made about $3,000 after all costs were considered. Warren later commented that when he took their time into account, they probably made about $1.50 an hour and it took at least five years off their lives. "The only positive factor," he said, "was that it showed us we have a really strong marriage. Otherwise, it would not have survived."

• CONSIDER YOUR LOAN

The type of loan you get is also very important. Usually a *variable-rate* loan carries a lower initial interest rate. But it can go up annually, based on prevailing interest rates. Remember that each percent of annual increase on a $50,000 mortgage is about $40 per month. Most variable loans can increase 1½ to 2 percent per year, up to a maximum of 3 to 5 percent. If your budget can't handle the maximum potential increase, don't accept a variable mortgage. Under no circumstances should you accept a variable-rate mortgage that has no maximum interest rate quoted or one that contains a "balloon" payment. A balloon note is one where the last payment is significantly larger than the average monthly payment. This is common where a lender uses a 30-year amortization (payment schedule) but a 15-year loan period. At the end of 15 years the last payment can be as much as 82 percent of the original loan—quite a shock. It would obviously mean another loan would be required. If you repeated the same error, you could pay 30 years and still owe 66 percent of the original loan amount.

A *fixed-rate* mortgage generally starts out at a higher interest rate, but cannot be adjusted. Choose the type loan that suits your needs best for the shortest time period that your budget will allow. A 15-year loan only requires about 15 percent additional payment each month and will cut the total payment time in half. The shorter loan period usually has less initial closing costs also. However, even if you select a 30-year loan, it doesn't mean that you must pay for 30 years. If you had a $125,000 mortgage at 10 percent financed for 30 years, the total interest and principal would be $236,940. If you were able to pay an extra $100 a month on the principal, you would reduce the payment period to 17 years and the total principal and interest to $159,215. Thus, you would save $77,725 in interest.

Be certain that whatever mortgage you sign allows for prepayment of principal. Otherwise, your additional payment would only prepay the succeeding months' payments which include interest as well as principal. Also, it is a good idea to write a separate check for the principal payment and mark it clearly "for payment of principal only."

Don't forget the loan origination costs for a $50,000 mortgage can often run as much as $2,000 to $3,000 with discount points, title insurance, and attorney's fees. Be certain when buying a first home that you ask about all costs prior to closing, or you may find yourself using all your surplus on incidental fees and then living off of credit cards for a month.

CATEGORY 2: AUTOMOBILES

The second largest budget category in most families is "Automobiles." This category should take about 15 percent of your net spendable income, including payments, maintenance, gasoline, tags, and insurance—everything that goes into the car. For the average young couple, that means no new cars, no matter what. It doesn't matter if Mom or Dad provides the down payment. The average-income family cannot afford to make the payments on a new car.

Just as a home is very important to most women, a car is the alter ego of most husbands, especially young men. We have created a social environment where even as early as high school, status among males is determined in great part by the kind of car they drive. It's a small wonder then that when men have their own families, the same values carry over. They're going to select a car that reflects where they want to be financially, not necessarily where they are.

The result is an excessive percentage of a young family's income being diverted to buy cars. The only way to avoid this trap is to stick to your budget guidelines and don't commit more than you have.

The best value in an automobile for most families is a good used car. The temptation to buy a new car is often motivated by the cheaper interest rates offered as part of a dealer's sales promotion. But the higher price of the car more than offsets any potential interest reduction.

Many used cars have extended warranties that can be assumed by purchasers, so even the advantages of a new car warranty are lessened.

I believe that, for the miles driven, a good used car less than 3 years old beats the per-mile cost of a new car by at least 40 percent. The best buys in used cars are usually found by buying directly from the previous owners, as opposed to buying from a used-car lot. By buying directly from the owner, you can learn the history of the car and usually negotiate the best possible price.

A young pastor and his wife called one evening to ask for advice on what they could do about the two new cars they were leasing at a total cost of $500 a month. On his salary as a pastor of a small church and her salary as a kindergarten teacher, they were sinking further into debt each month.

"Pastor," I said, "how in the world did you ever get talked into renting two new cars?" The story was a little different, but the result was the same.

He had a church member who was in the automobile business. The pastor desperately needed some reliable transportation for visitations, and this member negotiated the loan of a demonstrator, so he said, for the pastor. The only catch was that the odometer was disconnected while the pastor was using the car. Every six months he would return the one he was driving and get another new car, which seemed like a good deal at the time. In fact, it worked out so well that the friend negotiated a loaner for the pastor's wife too. Everything went great for about the first 9 or 10 months. Then one day an investigator from the state attorney general's office came to the pastor's office. He asked to see his car and, upon noting that the odometer was disconnected, arrested him.

It seems that the church member had been renting out new cars to his friends, and since the odometers were disconnected when he reclaimed the cars six months later, he still sold them as "new" vehicles. These were all cash deals, so it was thought that no one would be the wiser.

The pastor convinced the investigators that he knew nothing about the illegal practice, but he still was responsible for the depreciation on the cars. Since he couldn't pay what was due, the authorities "suggested" he buy the cars. When he couldn't qualify to buy them, he signed a lease for both cars. The net result: $500-a-month payments. The end result was that both cars went up for auction and the pastor owed the $4,000 difference between the outstanding lease amounts and what the sales brought.

The temptation with many couples who should not buy new cars is to rationalize doing so because of the repair bills on their older cars. So they end up trading in an older car (that costs $75 to $100 a month to maintain) for a new car that requires payments of $200 or more a month. Remember, when you buy something on credit that you cannot afford, you don't avoid the decision; you delay it and ultimately make it worse. Don't get trapped into bondage by frustration over an uncooperative automobile. I would especially counsel against leasing an automobile. A lease is just as binding as a purchase agreement and usually a lot more costly. Too often a lease is selected because a couple can't even afford the down payment. The net result is more debt and more pressure.

I encourage you to save up to buy a car. However, if you're unable to do that initially, then negotiate for a loan on which the interest is calculated on the unpaid balance (simple interest). That way, if you can pay it off early, you can save significantly on the interest. If you finance a car using "add-on" interest, you will end up paying most of the interest in the early payments and very little of the principal. If you decide later to accelerate the payments, you will save very little interest. The best way to know is to ask before you sign.

Of all the ways to buy a car, I believe using a home equity loan to do so is potentially the very worst. Not that the interest rate is the worst; in fact it will often be one of the lowest, initially. But many home equity loans will be amoritized longer than the car will last. So the car wears out and the loan continues. This cycle is repeated several times until the resultant debt is overwhelming and the home is lost. Avoid this trap early by staying away from home equity loans. Just because a home equity loan's interest is deductible is not sufficient justification to risk your home.

The average American couple is going to spend over $180,000 on cars, including interest, during their lifetimes. They will never be debt-free because they don't ever plan to be. Don't let this happen to you. Drive your cars until they're paid off. Then save for the next one.

CATEGORY 3: FOOD

This area of your budget consists of everything purchased at the grocery store, including food, shampoo, and paper products. For a family of four, this category should take approximately 12 percent of your net spendable income. This is only about $240 a month for a couple making $24,000 a year. So as with any other category of your budget, it will require careful planning.

Perhaps the best counsel that can be given in this area is to buy according to a predetermined list. It's called a menu. A quick look around in a grocery store in our country will tell you that there are a lot more items for sale than you can afford to buy. If you just wander up and down the aisles picking and choosing what you *want,* you will certainly overspend and still not get what you *need.* The degree to which you stick to a predetermined list will decide how far your money goes.

I read a study several years ago that dealt with grocery store marketing—specifically what people buy in a grocery store and why. It was well established that women are the primary food shoppers, although many more men are now shopping as two-income families grow. Grocery stores love for men to shop because they buy an average of 10 to 12 percent more and tend to buy more expensive items.

The survey demonstrated that most shoppers have predetermined routes they take through the aisles and most tend to buy more when the shopping cart is empty. The science of shelf layout was duly noted. Shoppers will be attracted to the items that are within easy reach. So most "junk" foods are placed at eye level, if possible. Staple products such as salt, flour, rice, and sugar can be stocked virtually anywhere if they are clearly identified, and most shoppers will find them because they need those items.

Most shoppers take from one to three seconds to select the brands they want, so name recognition is vital to sales. Hence, all the advertising dollars spent are not really wasted, especially on kid's cereals. It's amazing that mothers who wouldn't think about spoon-feeding raw sugar to their children quite effectively do the same thing through many of the foods they buy.

Personally, we keep our grocery money in an envelope and buy only on a cash basis. A good shopping list is made by deciding what meals you will have between pay periods, checking the shelves at home to see what you already have, and making a list of what you're missing. The best way to stick to your list is to leave your husband at home. We're junk-food shoppers and tend to splurge on foods. Also, avoid prepared foods like TV dinners. They're normally 40 to 50 percent more expensive.

One method that many families have found to reduce their food budget and improve the quality of the food they eat is to join a food co-op. This is where several families combine to buy food in greater quantities. A co-op is not for everyone because it requires a periodic time commitment. But for those who are willing to apply their own time, it can be a way to greatly reduce their food bills.

Before moving on to the next category, one side note should be mentioned. If you eat out twice per week, it will not affect your food budget at all. Eating out is a part of your entertainment and recreation category—not food. The 12 percent allocated to the food budget presumes an average family in America eats out at *least* once per week anyway.

There are many ideas for marketing food stuffs at exhorbitant prices that cycle through our economy from time to time. They catch on, then die out, only to be revived again when enough time passes that most of the buyers forget how they lost money earlier. One such scheme is the freezer plan. I'm sure there are some perfectly legitimate home food sales companies, so I don't want to paint everyone with the same brush. But, in general, home food sales (usually called freezer plans) are the most expensive food purchases most families have ever made.

The way most home plans work is you commit to buy a given amount of your frozen foods from the company each month at a discounted rate. If you don't have a large freezer, you must buy one. The company will sell you one and finance it also. The pressure to buy the freezer is tremendous. It's usually presented as a failure to feed your family adequately if you don't have the freezer plan.

The catch here is that although the foods are good and often reasonably priced, they are foods that most families do not eat regularly. The average family ends up abandoning the plan in about four or five months and making freezer payments for the next four years.

The best advice I can offer is: Stay with your menu plans and buy what you need, not what a sales company wants you to buy.

CATEGORY 4: INSURANCE

The average family will spend about 5 percent of their net income on life and disability insurance. This percentage assumes that you are covered by a group health insurance plan that is paid by the employer. If not, this category may consume 10 percent or more of your income. Obviously, if a higher percentage is spent on insurance, then the difference must be taken out of other categories.

Quite often, the lack of available funds makes health insurance a virtual impossibility for many couples. However, the cost of a major hospital stay can result in years of indebtedness. So don't make this decision lightly. One alternative to very expensive health insurance may be a major medical policy. Major medical insurance usually has a high deductible ($500 to $1,000) and is designed to cover major illnesses rather than routine problems. Usually, the cost is less than half of what most health insurance plans would be.

You will find a complete discussion on the subject of insurance in Part Two of this book. Suffice it to say, when budgeting for insurance with limited funds available, you must select the insurance plan that fits *your* needs, not a saleperson's.

CATEGORY 5: ENTERTAINMENT AND RECREATION

Entertainment and recreation should consume about 5 percent of your spending. That includes eating out, movies, sporting events, health clubs, vacations, everything. Obviously that is not a lot of money. It means an average-income couple cannot go to Acapulco for their vacation—at least, not unless somebody else is paying for it. For a couple with a $24,000-a-year gross income, this only allows about $100 a month for all entertainment and recreation, including vacations. They must be realistic about what they can and cannot spend.

Let's assume you allocate approximately $500 a year for vacations—in round numbers, about $40 per month. This money should be left in a special savings account. Otherwise, you'll be tempted to spend it, month by month. Even so, it requires a great deal of self-discipline not to overspend. Vacations are a primary source of credit card debt accumulation. Couples overspend on vacations each year using credit cards to supplement their budgets. Quite often, the previous year's debt is not paid off before vacation time comes again. As the debts pile up, there is a greater tendency to want to "get away from it all."

There are some cost-saving alternatives available. For instance, if you want to go to Disney World, make contact with a church in the Orlando area. See if there is a couple in that area that would like to trade homes with you during your vacation time.

Another idea is to do volunteer work with a church in the area where you would like to vacation. Often they will provide a week of free housing for a week of volunteer work. There are many ideas if you're willing to look for them. The certainty is, God always has an alternative to debt. Once you have committed yourselves to living within the means God has provided, it opens all kinds of opportunities to experience His blessings in practical ways, like vacations. As Jesus said, *"If you then, being evil, know how to give good gifts to your children, how much more shall your Father who is in heaven give what is good to those who ask Him!"* (Matthew 7:11) I have witnessed this in the lives of many couples over the years as they learned to trust God.

Mike and Jan came in for help with their finances. They had experienced a string of what most of us would call bad luck. In reality, these are often the trials that God allows to come into our lives to teach us where our real source of help is.

For the previous four years, they had been trying to take a vacation trip through the West. Their children were growing up rapidly and Mike felt that one long trip would allow them to share some lasting memories. But each summer something happened. One year their house caught on fire and required extensive repairs, which drained their finances. The next year Jan's mom became very ill, which necessitated a trip north. The next year it was a car that drove right through their bedroom wall and demolished both their bedroom and their budget because the driver was uninsured. Needless to say, they were both getting very weary and questioning, "What next?"

The last straw came when they had their station wagon loaded to go on vacation. A shorted wire caught fire and destroyed their wagon—totally. They said they knew it was time to give up and concede that they were never going to make their "dream" trip.

My question was, "Are you going to quit so easily?" It took about five minutes to get them calmed down enough to ask the second question, "Have you ever really surrendered this area over to God and asked Him to help you take the vacation you desire?" They hadn't because, as most Christians seem to believe, they didn't think God was interested in vacations. And yet, God's Word clearly outlines His direction for longer vacations than most of us would ever take—one year off out of seven.

I suggested they pray about it, just to be sure that they had peace from the Lord, then share with their Bible study group, Sunday School class, and others. They did so and a Christian in one of the groups said that he had a large recreational vehicle that he rarely used and they were welcome to use it for the three weeks they needed.

It turned out to be the best vacation they had ever taken and they had virtually no problems. It also started a real fellowship within their class as other Christians realized they could share their frustrations and defeats without fear of ridicule.

Entertainment and recreation can certainly get out of control if you're not careful. We're a fast-food generation that seeks constant diversion from reality. Young couples that have come out of families where they ate out a lot will have to practice self-discipline and limit their spending to their budget guidelines.

The most effective way I have found to control the entertainment budget is an envelope system. As stated earlier, the principle is simple: Keep an envelope marked "Entertainment" with the amount to be deposited in the envelope per pay period. When you go out, take the envelope with you. Pay for the entertainment out of the envelope and put the change back in. The bottom line is, when the envelope is empty, you stop entertaining and recreating until the next payday.

This budget system will *not* keep you from overspending. You can always rob another envelope or get money out of the automatic teller. The purpose of any budget system is to tell you when you have spent what you previously decided you should—that's all.

CATEGORY 6: CLOTHING

About 5 percent of your net spendable income should go into buying the clothes your family needs. All too often, young couples allocate nothing for clothing. But this doesn't mean they don't need clothes. I have yet to counsel a naked couple so, quite obviously, there has to be a portion of the budget allocated to this category.

Usually what happens is, the mandatory categories of the budget consume all of the income (housing, automobile, food, insurance) and nothing is left for clothing. Consequently, nothing is allocated. But that is *not* a solution. It merely delays the inevitable conclusion that the other categories are out of balance. If you can't budget for clothes, your budget won't work. Once you settle on an amount for clothing, it's important to discipline yourself to use it only for clothes. When you look at your budget and you have a surplus one month, it's not a windfall profit. Allow the money to accumulate until it's time to buy clothes.

That's why it is important to spend based on your budget, not your checking account. As we saw earlier, the account sheets must control your spending, not the checkbook.

When you have children who are 13 or older, allow them to buy some of their own clothing. Give them a clothing budget, and let them select and maintain their own clothes.

Perhaps the best counsel that can be given about clothes is to budget regularly and buy quality. By the way, quality doesn't necessarily mean the flashiest brands or the highest-cost clothes. More often it means selecting the best quality fabric from an established manufacturer.

One source I rely on regularly is *Consumer Reports* magazine, which you'll find at most local libraries. *Consumer Reports* evaluates all types of products, including clothing, for quality, price, and durability.

Another resource many families have rediscovered in recent years is "nearly-new stores." In well managed stores, the merchandise is top quality and in excellent shape. These stores are particularly useful when it comes to filling unique clothing needs, such as maternity clothes, wedding apparel, and children's items.

A friend of ours recently located a wedding dress at a nearly-new store that would have sold retail for over $500. She paid $15 for it and, after dry-cleaning, the gown was as good as new.

She reduced the cost of her daughter's wedding by $485.

However, not every good buy is a great buy. Another friend, whose wife often shops nearly-new stores, told me about the terrific suits she found him. They were just his size, in perfect shape, and a top-quality brand. When she saw them for $7 apiece, she snapped up six of them. But when her husband took them off the hangers, he found they had no backs in them. Later he learned they were display suits used by a local undertaker to show bodies at his funeral home. He kept threatening to wear one to church to show his friends how "frugal" his wife really was. Then one day they all mysteriously disappeared.

As you consider your family's clothing budget, ask yourself these questions: (1) Does it really matter whether you have all of the latest styles? (2) Do your purchases reflect good quality or ego? (3) Do you buy clothes to satisfy family needs or to satisfy whims and indulgences?

CATEGORY 7: MEDICAL AND DENTAL EXPENSES

Approximately 5 percent of your net spendable income can be allocated to medical and dental expenses. There is a great advantage if you have group health insurance, but many couples do not have this benefit. Those who do not must allocate a greater amount of their budget. In most cases, it will be far in excess of 5 percent.

What this means is you must reduce spending in another area of the budget to compensate. Additional expenses must be anticipated and the funds set aside regularly. Failure to do this will spoil any budget and lead to indebtedness.

One of the best ways to reduce medical expenses is to reduce the number of visits to your doctor. Perhaps the biggest problem in medicine today is that many, if not most, of the people going to doctors could have treated themselves for incidental colds, flu, or other minor illnesses. I'm not suggesting that you should not go to the doctor if you're sick, but I am suggesting that you ought to decide whether your illness is severe enough to require professional medical treatment. Practice preventive medicine. Treat your body properly with the right amount of sleep, exercise, and nutrition, and your body will usually respond with good health.

Treat your teeth wisely and your teeth will also respond with good dental health. Teach your children proper dental care, including the use of dental floss. If you do, you will find your expenses will drop significantly.

An area of real concern for Christian dentists and doctors is the number of Christian patients who don't pay their bills, either on time or ever. It's understandable that a couple can find themselves in a situation where they have medical bills they can't pay on time. What is not understandable is that they don't contact the doctor and work out a reasonable repayment plan.

There are very few doctors or dentists who would refuse treatment to anyone who was making a legitimate attempt to be honest. I have seen couples who, when they were unable to pay in cash, worked out a repayment plan that included doing services such as painting, landscaping, plumbing—whatever they were able to do to repay the fees. I know of no professionals who look down on these people for their desire to work out a debt repayment plan. In fact, most of those I know sincerely respect their commitment to honesty and sacrifice.

Just be certain you're not asking the doctor or dentist to support your indulgences. Before you ask them to sacrifice, look for what you can surrender first.

The best source of health comes not from a book or a doctor, but from God. If you are ill and allow Him to remove the worry and anxiety caused by finances, you will find that both your financial life and medical life will improve.

CATEGORY 8: MISCELLANEOUS

"Miscellaneous" is the category of the budget that seems to eat up all your money, and you can never remember where it went. About 5 percent of your total spending should be allocated for gifts, ice cream sundaes, and so on. I recommend that at least once a year a husband and wife both keep a diary for 30 days and write down what they spend miscellaneously. You will probably be shocked at the amount. It is surprising how much money you can put into soft drink and candy machines without realizing it.

Miscellaneous is one of those categories that develops creeping inflation. Have you ever noticed that if you carry $10 with you while shopping, you'll spend it; but if you carry $100, you'll spend that?

I don't know of any alternative method to control miscellaneous spending except to determine what your budget will allow and *stick to it.*

In our miscellaneous budget we include: toiletry items (toothpaste, razors, shampoo, make-up), pocket money (equally divided), lunch money, gifts, and all the other items that don't fit easily into any other category.

I can't emphasize too much that this is a category that can grow beyond proportion if you don't watch it carefully. There is no substitute for self-discipline when it comes to controlling miscellaneous spending.

One question commonly asked by Christian families is, "Where do Christian school expenses fit in?" For lack of another category to fit them into, they go into miscellaneous.

Obviously, when a family making $24,000-a-year gross income tries to pay $150 to $250 a month for private school expenses, it won't fit into a 5 percent budget for miscellaneous. In fact, it will be closer to 15 percent. This means there must be sacrifices made in other areas to maintain children in Christian schools.

It is not the responsibility of creditors to educate our children. I counsel couples not to borrow to maintain this expense. If it is God's will that the children attend a Christian school, He *will* provide, and *not* through loans either. As Psalm 37:25 says, *"I have been young, and now I am old; yet I have not seen the righteous forsaken, or his descendants begging bread."* I recall a counseling session I had with a woman who had been divorced by her husband. Her lifestyle changed from abundance to meager existence almost overnight. She had come for counseling at the request of her pastor and was trying to adjust from an income of $10,000 a month to about $1,500.

One of the first areas I noticed was an expense for a Christian school of $500 a month. When I asked about it, she was instantly defensive, and understandably so. Her children had suffered greatly by their father leaving and remarrying the day after the divorce was final.

I also knew that there was no way a $500 school expense would fit into a $1,500 gross monthly income. Her response to my question was, "I'll do without food rather than take my kids out of Christian school." A noble sentiment, but highly unlikely, I knew. So I offered an alternative suggestion. Why not lay this burden at God's feet and let Him decide if they should stay in the school. If He provided the means within her budget, she would know it was God's plan. "But," I told her, "you can't hedge and say, 'I'll do it if God provides, but I'll also do it if He doesn't.' " She also agreed to approach the school principal and let him know her financial situation.

The principal agreed to work with this woman and was in the process of appealing to the school's loan committee on her behalf when an anonymous donor contributed the funds for her children's tuition and books. The donations continued through their entire high-school careers and often included enough to cover even field trips and special projects.

The provision had already been made, but she needed to "believe" God for it. Too often Christians borrow to do what they themselves desire, and expect God to rescue them when the bills arrive. To "believe" requires faith; to charge is presumption.

Another large expense under miscellaneous can be child care. Child care is a disproportionately large portion of a single parent's budget. Quite often, there is no alternative available except to pay the cost and rebudget elsewhere. Until local churches begin to recognize this as a responsibility and a necessity, there is very little that can be done to lighten this burden.

CATEGORY 9: SAVINGS

This savings is not allocated to any specific needs. About 5 percent of your net spendable income should be put aside for expenses that cannot be anticipated.

There is nothing wrong with having some savings. In fact, it is a requirement for most people. The few exceptions are those people to whom God says, "Do not save, but rely on Me from day to day." As Solomon wrote, *"There is precious treasure and oil in the dwelling of the wise, but a foolish man swallows it up"* (Proverbs 21:20).

It is not unspiritual to save, nor does it represent a lack of faith. The question I often ask of those who believe savings is wrong is, "Which represents better stewardship: to borrow at 18 percent to buy the things that wear out, or to save and then buy them without credit?" It is important that you budget some savings. Otherwise, the use of credit becomes a lifelong necessity, and debt a way of life. Your savings will allow you to purchase with cash and to shop for the best buys, irrespective of the store.

Many families fail to save because they think that the amount they legitimately can put aside is too insignificant. No amount is insignificant. Even $5 a month will help. The savings can be any reasonable amount that fits your particular life pattern.

Be aware, however, of the difference between saving and hoarding. A savings plan has a specific purpose for the money being stored; a hoarding plan is money put aside for no particular reason and wouldn't be used even if needed. How much is enough? That's going to vary, family by family. If your income is generated by commission sales and is subject to frequent ups and downs, you will need savings to cover the down periods. For instance, in real estate sales it isn't unusual to go five to six months at a time with little or no income. Without adequate savings, the result is usually indebtedness.

The same could be said, to a lesser degree, about seasonal jobs like construction or farming. The amount of savings should be matched to actual needs. If, however, you work in a stable industry or a secure job, your need for a surplus may be considerably less. Remember also that we're not talking about long-range savings for college or retirement here. We'll look at those areas later.

I also believe that those who are in debt should have a savings category. Why? Because in order to get out of debt, you must avoid *totally* the use of credit. If you don't have any unrestricted savings on hand and something essential breaks down (a washing machine, refrigerator, or hot water heater, for example), it will lead to the use of credit again.

I have worked with many different creditors over the years and found that virtually all of them agreed to the savings plan, even when they were asked to accept a reduced payment, once they were assured that the couple would use no more credit.

CATEGORY 10: INDEBTEDNESS

Debt payments, other than housing and automobile, for the average family should constitute no more than 5 percent of their net spendable income. Obviously, it would be great if most budgets had zero debts. Unfortunately, the normal amount for most families is nearly 8 percent.

When the amount of debt exceeds 7 percent, it is difficult to balance the budget. Remember that all the percentages must add up to no more than 100 percent. When two or three of these categories are over the recommended percentage, the budget will never balance. It means that some kind of an adjustment must be made.

Debt on consumables such as food, clothing, and gasoline is exceedingly difficult to repay. When they're gone, so is the desire to pay for them. Also, since more consumables are needed, the debts continue to pile up. But what happens if you find yourself in a position where you have committed more of your income to creditors than you can realistically pay? Remember that you can only do what you can do. Don't promise more than that. A creditor would much rather receive $25 a month regularly than a promise of $50 that you cannot maintain.

Once you have developed a budget and know how much money is necessary for you and your family to live on and how much you can pay, contact your creditors. Be honest about your situation, and then arrange some kind of equitable payment plan.

You may have to sacrifice to get current, including eliminating all credit or selling your second car. It may mean repairing that refrigerator or washing machine that you were going to trade. It may also mean surrendering vacation money to your creditors. Do whatever you must to bring your debt burden back under control; determine your priorities; and stick to them. Scripture commands: *"Do not withhold good from those to whom it is due, when it is in your power to do it. Do not say to your neighbor, 'Go, and come back, and tomorrow I will give it,' when you have it with you"* (Proverbs 3:27-28).

THE WORST FINANCIAL DECISIONS I HAVE SEEN

I have made a list of what I call the three worst financial decisions a family can make.

• Home Equity Loans

Number one is home equity loans. The 1986 Tax Reform Act disallowed income tax deductions for most forms of consumer credit while retaining write-offs for loans against homeowner's equity. Since that time, tens of thousands of homeowners have borrowed billions of dollars against the equity in their homes, a decision that will cost many, if not most, of them their homes in a bad economy.

An equity loan is much like a line of credit. Checks can be written against it to buy cars or boats or to take vacations. The primary dangers with home equity loans are:

(1) People use them to buy indulgences they don't need, unnecessarily placing their homes in jeopardy.

(2) Most home equity loans have a sizable origination fee and an annual maintenance fee.

(3) Often the interest rate is variable and can increase monthly.

(4) The loan is often a demand note that can be called any month.

• Automatic Overdrafts

Number two on my list of bad financial decisions is the use of automatic overdraft loans for checking accounts. They encourage users not to balance their checking accounts because users know the overdrafts will be covered. Automatic overdrafts also are high-interest loans that are difficult to pay off.

- Car Leases

Number three on my list of bad financial decisions is car leases. Many couples that cannot even afford the down payment on a new car turn to leasing as an alternative to buying. As a result, they take on the highest form of car debt.

A lease is just as binding as a loan, and often much more costly. If you can't make the lease payment and the car goes back, it is sold at auction and the lessor sues for any deficiencies. A lease default will ruin your credit rating just as surely as a loan default will. Unfortunately, many couples lease an automobile that carries a large "balloon" payment at the end of the lease (often 30 to 40 percent of the total lease). Since the car is usually worn out before the lease terminates, this balloon is simply refinanced in a subsequent lease and the payments increased. The result is a lifetime lease at ever-increasing rates.

The best advice I can offer any couple considering any of these borrowing options is found in Proverbs 22:3: *"The prudent sees the evil and hides himself, but the naive go on, and are punished for it."*

13 THE MONEY BAROMETER: ECONOMIC DANGER SIGNS IN MARRIAGE

There are many danger signs that a young couple needs to look for in marriage. Allowing these to build will usually result in greater problems. When I started counseling, I decided to keep a notebook of the problems I observed. I began to see a consistent pattern that many couples had fallen into. Had they just been aware of the signs early in their marriage, they could have dealt with them. Instead they tried to find ways to cope with the stress instead of resolving it. Remember what we talked about earlier? Many times what is visible are the "symptoms," the outside indicators of spiritual problems. In other words, it's the violation of a spiritual principle that generates the symptom that we see.

DANGER SIGN: AN INDEPENDENT SPIRIT

The number one danger sign in a marriage is a his money/her money attitude. In our society, about 65 percent of the wives work, and that percentage is increasing steadily. This can create an independent spirit.

Karen was nearly 30 years old when she and Marty met. She had been working since she got out of high school and had advanced to assistant vice president of a large bank. A little less than a year after they met, she and Marty were married. After a short honeymoon, they settled back into their work routines.

Karen didn't realize when they got married that Marty came into the marriage with considerable debt from a previous business failure. Later she realized that he had told her he owed some money to friends and family, but she had no idea it was nearly $50,000. She quickly found out that it took both her salary and his to maintain their budget because so much of Marty's income went to repay debts.

Within a few months she found herself consciously resentful of having to use her money for utilities, food, and car repairs. She felt like she worked two weeks for a paycheck that was gone in one day. One day, in a particularly resentful mood because she couldn't go out to lunch with some of the other women, she told Marty how much she resented it.

Karen couldn't have hurt him more if she had asked him to leave. He was already feeling guilty over his business failure and the fact that he had lost the money his friends and family had entrusted to him.

Marty withdrew from their relationship mentally and emotionally and opened a separate checking account in Karen's name. She apologized for her remarks, but nontheless deposited her checks in her account and used that money to pay for her personal expenses.

After a few months she noticed that Marty began to let her pay for her own meals when they ate out, which wasn't very often. The guilt began to eat at her and she tried to talk to Marty about helping with the general expenses again. He refused to discuss it and simply said he could make it okay.

A few months later the bank where Karen worked was sold to a large chain and within two weeks she was released. She was totally devastated and found that because of her salary level she was virtually unemployable with any of the other local banks.

In her frustration at home, Karen began to discover that her problem wasn't the job or the money. It was a self-first attitude and God had done the one thing for her that would restore her marriage. She became a partner with her husband and recommitted her vows to honor him. She took a job at a much lower salary and merged her assets totally with Marty's. There was very little left over for a clothes binge or eating out with the girls, but Karen and Marty became *one*.

Beware if you begin to feel like saying, "Listen, I work all week long. I need some money for myself. It's not fair that I have to spend all *my* money paying bills." Remember that it isn't fair, and God never said that it would be. A marriage is not a 50/50 relationship, as many people think. It's a 95/5 relationship on both sides. You must be willing to yield 95 percent of your rights to your spouse, both of you. If you're not willing to do that, it won't work.

I have seen a great many marriages where husbands and wives maintained separate checking accounts, took separate vacations, and said they got along fine. I believe that's a rationalization for living a lie. God's Word says that He created a husband and wife to become one. *"For this cause a man shall leave his father and his mother, and shall cleave to his wife; and they shall become one flesh"* (Genesis 2:24).

Nobody will ever convince a knowledgeable counselor that "separate but equal" will ever work in a marriage. All it means is that the couple has learned to compromise God's best and live with it. If you find that's true in your marriage, you need to seek counsel immediately. Get a third party who's objective and trained to help. No viable marriage can survive a his/her relationship for long. They may live in the same house. They may even sleep in the same bed, but they've learned to live separate lives. That is totally contrary to God's plan.

DANGER SIGN: LACK OF COMMUNICATION

As I said before, a danger sign in any marriage is *poor communication*. I've heard a wife say many times, "It's amazing how much we talked before we got married and how little we talk now." Do you know why? It's because you had an incentive: to win him or her. Now your motivation should be to please God. Take the time to communicate and you'll develop a strong marriage, which will please God. There are many ways other than money to develop good communication, obviously. But money is a reflector of communication. A couple needs to sit down together and develop short-range and long-range financial goals, such as: (1) What are we going to do about educating our children? (2) What are we going to do about retirement? (3) What would you do if I died suddenly? If you can't talk about those things, that's a sign of poor communication, and you need to deal with it. I recommend that every couple go away somewhere by themselves for one full day to do nothing but plan. As the Lord said, *"For which one of you, when he wants to build a tower, does not first sit down and calculate the cost, to see if he has enough to complete it?"* (Luke 14:28)

DANGER SIGN: UNEXPLAINED FATIGUE

Fatigue is often a sign that your body is reacting to emotional stress. Obviously there also may be physiological reasons for fatigue, such as infection or illness. But once these possibilities have been eliminated and the fatigue continues, you need to read it as a danger sign in your finances.

It's not unusual for a money-pressured woman to suffer from chronic fatigue. Often it comes on so subtly that she can't remember when she began to feel tired; she just can't remember when she last felt good. She wakes up in the morning still feeling tired and, confronted with an irritated husband, faces the day defeated before she begins.

There is always that nagging inner feeling of something wrong without being able to identify it precisely; that is until either the creditors begin to call at 10 A.M. or her husband explodes because all the money's gone.

Rhonda suffered from daily fatigue to the point where it was almost impossible for her to hold a job. When she did work, she was habitually late because she had such a difficult time getting up in the mornings. She and her husband Phil began building their first home nearly a year before, and Phil became obsessed about money. He was determined to borrow as little as possible to build the house, and every extra dime went toward materials. He was also doing a lot of the work himself, so every evening and weekend were tied up.

With Rhonda getting fired from her job and getting progressively less able to work, Phil began to get fanatical about money. Rhonda couldn't even buy herself clothes without Phil ranting about it for days.

Rhonda began to go to various doctors for tests to determine her physical problems, and Phil exploded when the bills started coming. As their relationship deteriorated, Rhonda's health got worse. She was convinced that she had a terminal illness, or at least some exotic disease, but every test came back negative.

Her loss of income delayed the completion of their home, and the bank carrying the construction loan began to pressure them. Rhonda began to decline physically until she reached a stage of almost constant fatigue. She would wake up in the mornings as tired as when she went to bed. By afternoon, she felt so groggy that she couldn't concentrate, so she retreated to bed.

Her doctor put her through several tests and a complete physical but could find nothing wrong with her. After a brief consultation, he prescribed some antidepressants and recommended that she seek psychiatric help.

Rhonda, a Christian, was shaken to her inner core. She realized then that she (and Phil) had allowed finances to assume first place in their lives. The urgent things (a house in this case) had replaced the important things. She asked Phil to go for counseling with her, which he reluctantly agreed to do. Their pastor then referred them to our counseling office.

After listening to the entire scenario, my recommendation was to put the house up for sale as is, recover their investment, and then go find a home that was complete and would fit their budget.

Phil objected, obviously. He felt a personal attachment to his project, which had long since grown beyond just being a place to live. My question to Phil is one that each of us should ask ourselves regularly: "What is more important, people or things?" As Proverbs 15:16 says, *"Better is a little with the fear of the Lord, than great treasure and turmoil with it."* The same principle applies to a house and turmoil with it.

Shortly thereafter, Phil put the house up for sale, and in just a few weeks it sold, at a handsome profit. Within a month, Rhonda's symptoms disappeared. They were stress-induced as a result of the financial pressures.

An early warning sign of excessive financial pressure is obsession. If your thoughts continually go back to your financial problems when you're doing something that requires considerable concentration, you probably have excessive debts. If you can't take any time off to relax without nervous tension welling up inside—same symptom. These side effects may appear when you take time out to read God's Word or try to pray.

If a wife experiences these symptoms of financial pressure, she has taken on a responsibility that doesn't belong to her. It belongs to her husband.

Husbands, if you don't want real trouble in your family, assume your proper responsibility and eliminate both the symptoms and the problems—God's way.

Problems brought on by financial pressures may also become evident in the sexual relationship. When two people are under tensions manifested through fatigue, anger, and resentments, it is only natural that their most intimate relationship will suffer as well. Even when a couple still has good communication, financial pressures caused by debts can so occupy the wife's mind that temporary frigidity can result. If the financial pressures can be lifted from the wife, even temporarily, her response to her husband will improve markedly.

If a state of tension and pressure is left in force for a long period of time, however, it can devastate the sexual aspect of the marriage.

DANGER SIGN: IRRESPONSIBILITY

A nearly infallible sign of family financial problems is the husband's abdication of his position as the family financial leader.

Usually, he will juggle the books for several months while sinking deeper into the financial quagmire. If by chance his wife happens to see the overdrawn checks or the late payments, he tells her, "Don't worry about it. I can handle it." Then, when all hope is past, he will either do her a favor and "let" her keep the books, or simply abandon them, knowing that her fear will cause her to pick them up.

Then suddenly he thinks there should be enough money to pay all the bills and entertain as well. If there isn't? Well, obviously she isn't doing her job right.

The truth is that it takes two to get into debt and two to get out. If the wife can keep records better, then she should, but only after the plans are made and implemented to solve the problems.

DANGER SIGN: THE OSTRICH TECHNIQUE

When a family has previously attempted to solve their financial problems and failed, a great temptation is to ignore them. Those who attempt to do so end up in even greater trouble because creditors will not buy the ostrich method. I recognized this symptom when I answered an urgent phone call one evening.

The young man calling said he had an emergency, then explained that he had let a leased car go back to the leasing company several months earlier. Now the bank that financed the lease had gotten a judgment against him for several thousand dollars. They were also threatening to attach his bank account and his salary.

I asked, "Didn't you get a judgment hearing notice from the court?" He said, "Yes, I think so, several weeks ago, but I knew I couldn't pay the money, so I didn't respond." In reality, by ignoring the notice and failing to appear in court or contact the creditor, he forfeited any right to a hearing or appeal. When I asked why he didn't at least call the bank and try to work out a settlement, he replied, "I meant to, but when I didn't hear anything else, I just put it out of my mind." He put it out of his mind, but the creditor didn't—few ever do.

After several attempts to reach anyone at the bank with the authority to work out a mutually satisfactory settlement, I finally contacted the bank president. When I promised that we would oversee the debt repayment, he agreed to a monthly payment that was within reason.

This man and his wife faithfully stuck to their commitment, and after two years of paying $25 a month on a $3,000 debt, they still owed $2,880 after interest was deducted. But the bank president elected to forgive all the interest and write off half of the original debt, and in six more months they were free of the debt entirely. The lesson that Scripture teaches on this principle is found in Proverbs 15:19: *"The way of the sluggard is a hedge of thorns, but the path of the upright is a highway."*

DANGER SIGN: RELIGIOUS ESCAPE

What happens when someone having great problems seeks to escape by falling back on religious clichés, such as "I'm trusting God to provide"? Obviously, each of us is to trust God, but if our bad habits have created the circumstances, God wants those changed first. We are to be participants in God's plan, not observers.

God does provide; everything we have comes from Him. But He also directs us to use our abilities and to be responsible for our actions. When one turns to God for help, more responsibility is expected, not less. *"And if you have not been faithful in the use of that which is another's, who will give you that which is your own?"* (Luke 16:12)

Dave was experiencing some significant financial problems due to business setbacks. In reality, his problems were not so much due to personal mistakes as they were to changes in the tax laws that affected his particular business. But as the business deteriorated, Dave continued to maintain his lifestyle and his giving at the previous level. The income from his business dropped to where creditors weren't getting paid on time, some not at all. When he was challenged by a friend who knew his circumstances, he responded that to lessen his giving (which now took half of his income) or his spending (which took more than half) would be a lack of "faith."

His scriptural justification was that God said we must "believe" and whatever we ask for in faith will be ours (see Matthew 21:22).

His friend called and asked if we could meet with Dave. He knew something was wrong with that logic, but he wasn't sure what it was.

When we met with Dave, I shared what I perceived to be the bottom line.

(1) The business was dropping rapidly (although through no fault of Dave's).

(2) It didn't appear there would be a near-term turnaround.

(3) Dave was maintaining his living and giving at the expense of his creditors.

(4) All the faith Dave talked about would seem to be on the part of the creditors.

I also shared that God will not give us direction that would require a violation of His Word. And according to God's Word, at least three basic principles applied:

(1) A lender is an authority over a borrower (see Proverbs 22:7).

(2) We are to give honor to our authority (see Romans 13:1).

(3) Only the wicked borrow and do not repay (see Psalm 37:21).

Dave disagreed and refused to alter his position. A year later his business failed, and he lost his home and virtually every other asset.

DANGER SIGN: OVERCOMMITMENT

Of all the problems that cause financial friction, probably none is more disheartening to a wife than a husband overcommitted to his work. Many women have said to me, "How can I compete with my husband's work? He's totally consumed by it." Unfortunately, it's true. Many men, and more recently, women, are so wrapped up in their work that they have little or no time for their families.

Usually there is a good rationalization for overwork. It may be to secure the family's future or it may be because "I want my family to have the best." Often the husband will place blame on his wife because, he says, "She just couldn't get along on any less." The truth, most often, is just the opposite. Most wives would be willing to make any sacrifice to have their husbands as companions again.

But as a workaholic husband plows his life deeper and deeper into a job or business, he soon receives most of his satisfaction from work. Why? Because when he comes home he is met by a bitter, frustrated woman.

Because of her frustration, often a woman finds herself becoming snappy and irritable. These attitudes manifest themselves in a variety of ways. Arguments start over trivial matters, such as the husband being late for supper or forgetting an anniversary. In a marriage with balance, these are a source of family jokes, not warfare. A wife may go on periodic spending sprees to punish her husband or get his attention. Some other symptoms of frustration are unpredictable outbursts, threats of divorce, imagined illnesses, alcoholism, or a total dedication to outside interests.

Randy and Julie met when she responded to an ad he placed for an executive secretary. He hired her immediately when he recognized that not only was she a top-notch secretary but a Christian as well. Randy grew up as a pastor's kid and thought himself to be a Christian. He was honest, ethical, and hardworking. Boy, was he *ever* hardworking.

He had built his advertising agency from nothing into a very successful, 7 days-a-week, 14 hours-a-day business.

That didn't bother Julie. She was single, intelligent, and a totally dedicated high "S," supporter. Randy was the typical high "D," creative person who had little or no balance when it came to work.

They worked side by side for a year, realized they were in love and, as lovers will do, got married. They still worked together with no conflicts of any kind until Julie got pregnant. Then Julie couldn't keep up the pace and found herself at home alone many evenings. She also found herself snapping at Randy when he would call to say he would be home at 7, and then he'd show up at 10 or 11.

When the baby came, Randy actually took on more work and more hours. Julie assumed he did so because he didn't want to be bothered with her or the child.

In reality, Randy's compulsion for work was a fear of failure. He had grown up wearing church people's hand-me-downs and making excuses for the fact that he had to work when other kids played sports. So his adult life consisted of overworking to accumulate a buffer against poverty. The baby simply represented one more need to work harder. As their marriage relationship deteriorated, Randy began to panic. He was doing what he thought was the best thing to do, and Julie just got more resentful.

Randy asked his pastor to help, and he and Julie began counseling sessions at least once a month. But as the marriage strain began to ease a little, Randy stepped right back into his workaholic mold and Julie regressed to her nagging wife mold. Their marriage began another decline even during the counseling, and Randy withdrew to his work to escape.

A business associate noticed Randy's change in demeanor and asked what the problem was. This friend then asked Randy a question he had not been asked before: "Randy, have you ever accepted Jesus Christ as your Savior?" Randy explained that he had grown up in a Christian home and was baptized at an early age. "But Randy," the friend said, "have you ever accepted Christ as *your* Savior?" When Randy said he wasn't really sure, the friend asked, "Would you like to make sure?"

Randy accepted Christ that day.

Randy's friend had recognized that Randy's overcommitment to work and worry about security had to be either a lack of spiritual maturity or a lack of salvation. As Psalm 127:2 says, *"It is vain for you to rise up early, to retire late, to eat the bread of painful labors; for He gives to His beloved even in his sleep."*

Randy's life took a dramatic turn from that point on. He still worked hard, but made a vow never to work more hours than he and Julie agreed together would leave adequate time for the really important things.

DANGER SIGN: INDULGENCE

When you feel like you just have to go buy something to make yourself feel better, watch out; that's a danger sign.

It's not unusual for a young husband who is feeling the pressure of debts closing in on him to go out and buy a brand-new car. Why? Because it makes him feel better, at least for the moment. Buying things can be as addictive as any drug, because of the temporary "high" it creates. Unfortunately, it passes rather quickly for most people, usually when the first payment comes due.

The all-time record for indulgence was probably a doctor I met back in the mid-seventies. I love machines myself, but try to limit my purchases to utilitarian items like chain saws and lawn mowers. I have to confess to buying my wife a chain saw for her birthday several years ago. That's when I found out she wasn't nearly as enamored with small machines as she had led me to believe.

But this doctor bought one of everything I ever wanted to own, including a steam locomotive. No, not a scale model, but a full-sized, narrow-gauge steam locomotive, weighing approximately 10 tons.

For his wife, that was the last straw. She had gone without new clothes while he filled their basement with lathes, drills, grinders, and old car parts, but this was too much—especially when she learned he was planning to have it transported to their backyard where he could get it into operational condition.

In my office, she said, "It's bad enough that we don't have any curtains on the back windows. But I'm not going to look out at a train engine all day."

The doctor finally got a museum to take the steam engine off his hands when he agreed to pay for the transportation costs of approximately $8,000. His indulgent habits were not only wrecking his finances, but steadily driving a wedge between him and his wife. The outside symptom (danger sign) was an indulgent attitude, but the Bible speaks of the real problem: *"Poverty and shame will come to him who neglects discipline, but he who regards reproof will be honored"* (Proverbs 13:18). Here was a man without control over his impulses.

Your indulgences may not run to steam locomotives. Few people's do. Instead it may be new cars, clothes, motor homes, jewelry, boats, stereos, or any of the myriad of things we can spend money on today. But if you recognize this danger sign in your marriage, stop and get counsel—right away.

DANGER SIGN: PARENT LOANS

Another danger sign in your marriage is when you frequently require your parents to bail you out of financial messes. Too often in this generation young people are not accountable for their decisions. If you get into trouble through overspending, get yourselves out. Don't let somebody else, especially a parent, bail you out. It's called "biting the bullet." It may mean tearing up your credit cards, cutting back on your spending, staying home, and even selling the new car if you have to.

Many times I've seen a marriage dissolve because the wife came from a fairly affluent family that fed her money indiscriminately. With the best of intentions, her parents usurped her husband's authority and supported an artificial lifestyle.

With rare exception, a man will resent it. Why? Because in his own eyes it lowers his self-esteem. And whether a wife admits it or not, it often lowers her esteem of her husband. It is through the problems, many times, that we mature. At least that's what James told us: *"Consider it all joy, my brethren, when you encounter various trials, knowing that the testing of your faith* *produces endurance*" (James 1:2).

Sometimes God will allow problems for the purpose of perfecting your marriage and your faith. It gives you a common bond that will draw you together.

As I look at our marriage, I think it has been the problems that have strengthened our relationship. Judy and I didn't think so at the time and would gladly have accepted help from our parents, but none was forthcoming; so we stuck it out and made it work.

We were married in the era before easy credit, so we knew we had to get by on what we had. Compared to the problems young couples can get themselves into today, we were blessed to have operated on a pay-as-you-go basis.

I can remember times when we were literally down to our last 25 cents. So we would park our old car and I would hitch rides until we got paid again. Our entertainment would be going to the local zoo and spending our last quarter on peanuts for the monkeys. It might sound difficult now, but back then we were just doing what we had to do. Without a doubt, we are both stronger because of it.

Many times God will allow a financial trial just to test your faith and commitment, one to the other, and to allow you to grow strong together. You don't want somebody bailing you out because eventually you may be faced with even greater trials. You need to tell your parents or friends, "Thanks a lot, but no thanks."

DANGER SIGN: WORKING WIFE

When a wife feels like she *has* to work and there are no alternatives, that's a danger sign.

With the exception of a disabled spouse, it is seldom that a wife has to work. A wife might want to work and her husband might want her to work. As we discussed earlier, that's okay, provided you keep it in balance. But when a wife has to work, then you're living above your means. More money won't help. Her income will be spent and you'll need even more.

I recall an incident that happened to me several years ago.

During a counseling session with a couple, I asked the husband, "What's the problem, in your opinion?" His reply was, "We don't make enough money. We only make about $15,000 a year. There is no way we can live on just $15,000 a year."

So I got out my budget sheet that lists the various categories of spending and we went through each category, item by item. Sure enough, they couldn't live on $15,000. So I asked them to read some materials on budgeting and come back in about a week.

In all honesty, I didn't really know what to tell them because most of their spending went toward housing, automobiles, and food, and it looked as if they didn't make enough.

A little later, another couple came in. I asked the husband, "What do you think the problem is?" He replied, "We don't make but $25,000 a year and I don't see any way we can live on that."

So I got out another budget sheet and we went through every category of spending. As you might guess, there was no way their budget would make it on $25,000.

After lunch, a third couple came in for counsel. I repeated my earlier question, to which the husband responded, "We don't make enough money. We only make $75,000 a year."

Using my trusty budget sheet, I quickly verified that, indeed, they could not live on $75,000.

If I could have taken the $75,000 income from the third couple and given it to either of the first two couples, they would have thought they were wealthy. But I also realized that within a very few years they would have been back in for counseling, unable to live on $75,000.

More money is not the answer; more discipline is. Until couples decide to live on what they already make, more money will not help. As Solomon said, *"He who loves money will not be satisfied with money, nor he who loves abundance with its income. This too is vanity"* (Ecclesiastes 5:10).

I think of a pastor I met with the village missions ministry. He had never made more than $12,000 a year in his entire life, and that much only in the latter part of his career. He was approaching retirement and he asked if we could talk about a financial problem.

His "problem"? He had $600,000 in investments and had no idea of what to do with it. When I asked how he had accumulated so much, he told me he had invested in small tracts of land in communities where he ministered. The net result was a lot of wealth.

"What was your system?" I asked.

"Simple," he said. "I never bought a new car. I took whatever money I would have used to buy a new car and invested it."

I asked what advice he would give a young couple just starting out. "That's simple enough," he said. "Always spend less than you make and remember that it's better to earn interest than to pay it."

Once during one of our radio talk shows, I mentioned that anyone making more than $15,000 a year could become a millionaire if he or she desired to. Later, a listener wrote to say that he didn't believe it was possible for an average-income person to get wealthy like I said, at least not without taking a lot of risks. So I sent him the following information:

If, at age 25 you could invest $167 per month and earn 10 percent on your money, at age 65 you would have accumulated $1,056,121.

The principle is very simple. A little bit over a long time becomes a lot.

DANGER SIGN: NO TITHE

Another danger sign that many couples experience is when they say, "We *can't tithe;* we just don't make enough money." You will never make enough money to tithe. It doesn't get easier, the more money you make. In fact, it's easier to tithe $1,000 when you make $10,000 than it is to tithe $10,000 when you make $100,000. Why? Because you adjust to spending more.

Let me make it clear. You don't get closer to God by making a commitment to tithe. A commitment to tithe is a sign of a couple that *has* gotten close to God. Tithing is not a command or a law; it is an outward indicator that you acknowledge God's ownership of everything.

If you don't tithe, that doesn't mean that God is going to strike you dead. Some people give because they believe if they don't give, God will wipe out their business or their family. That's nonsense. You were saved by grace, and you remain in God's grace by grace. You don't earn that. Tithing is not a way you bribe God into giving you good things or bribe God into keeping bad things from happening. Tithing is an external expression of an internal spiritual commitment. The lack of tithing indicates a couple who no longer truly has God first. " *'Bring the whole tithe into the storehouse, so that there may be food in My house, and test Me now in this,' says the Lord of hosts, 'if I will not open for you the windows of heaven, and pour out for you a blessing until it overflows'* " (Malachi 3:10).

DANGER SIGN: INCOME = OUTGO

Another danger sign that you must watch for is when your income barely matches your outgo with no savings. You can't remain there. Remember what we talked about in the budgeting section? Five percent of your net spendable income should be put aside for non-allocated savings—not for specific needs but for expenses you can't anticipate. If your budget is just breaking even and you can't put anything aside, in reality you're not breaking even. You're going under and you just don't know it yet.

The only solution is to cut some of the outgo. Take a look at your budget realistically and say, "Where can we start trimming?" Perhaps a little from entertainment and recreation, a little from miscellaneous, and a little from clothing. In other words, wherever possible. As Proverbs 21:20 says, *"There is precious treasure and oil in the dwelling of the wise, but a foolish man swallows it up."*

So these are some of the danger signs, and you must always *be alert in your marriage to watch for them*. There are many other danger signs, some of which are unrelated to finances. But the nice thing about money is that it is so visible and so measurable.

Just as there is a need to budget, there is a need to do some long-range planning. What are your goals as a couple? Where do you want to be financially 10 or 20 years from now? Few couples take the time and effort to do short-range planning (a budget). I trust you are well on your way to doing that. But even fewer do any long-range financial planning. That's why they end up on Social Security at age 65.

14 QUESTIONS AND ANSWERS ON FAMILY FINANCES

Before discussing critical family issues, I would like to cover some of the most common questions that couples ask about budgeting. Since God's best is for a husband and wife to operate as a team, it's important to settle early who should do what. It is especially important for engaged couples to discuss their finances openly and honestly. If a deficiency is found in any area, then seek outside counsel.

QUESTION 1. *Who should keep the books?*
Both my fiancé and I like to keep track of the bills and our checking account. Whose responsibility should that be?

ANSWER: Actually, it is the responsibility of both husband and wife. Any budget requires input from both. Once the budget is established, then the better bookkeeper should maintain the records. Sometimes it's the husband; sometimes it's the wife.

I find with most couples I counsel that the wife, given training, is usually the better bookkeeper. Normally she has more time and is a little more diligent. With many couples, the husband starts out keeping the records but makes a mess of them, mostly through neglect. Quite often the wife then inherits them. Her first reaction upon taking over is panic. There may be unpaid bills, collection letters, and too little money. Sometimes the wife just makes a bigger disaster, if she hasn't been trained in how to even balance the checkbook. It's impossible to budget if you don't even know how much is in the bank.

I remember a young pastor who had a rather interesting technique for handling his bank deposits. He used three checking accounts. One month he would put money into the first account, the following month into the second, and the third month into the third. He assumed that the bank would have his first checking account balanced by the time the fourth month came around. So he would just accept their balance as being accurate, deposit his paycheck, and start writing more checks.

You can guess what happened. One time the first account didn't get balanced by the bank. There was a large check that didn't clear, so the account showed more money in the bank than he actually had. That month he wrote about a dozen bad checks and one merchant had him arrested. In some states, if you write an insufficient check for $2 or more, a merchant can swear out a warrant. One did, and the police locked up this pastor. A member of his congregation had to come and bail him out, which was very embarrassing, to say the least. His method worked for a while, but it ultimately failed.

Even if a wife maintains the checking account, the budget must be done together. I recommend two things in keeping a checking account. One, have only one bookkeeper. If the wife keeps the checking account, she keeps the checkbook. If the husband needs a check, he should borrow the checkbook, write the check, and return it that day. It is very difficult to keep your account balanced when more than one person has frequent access to the checkbook. Second, I recommend that you use a checkbook that has a carbon copy system. The most common problem in bookkeeping is writing the wrong amount in the checkbook. With the carbon copy checkbook, you always have an accurate record. When balancing the checkbook, one person should do it. The wife can ask for the husband's help or vice versa. But once you have a workable system, stick with it. As an old cliché says, "Too many cooks will spoil the stew." The same is true with a bank statement.

QUESTION 2. *Does a couple really need a budget?*

Does a couple really need a budget when they're first married? Won't that start a lot of arguments?

ANSWER: I've counseled many couples who tried to "wing" it for a while. Unfortunately, many of them got shot down before they learned to fly. These couples didn't plan to get into debt, and most of them didn't overtly waste their money. They didn't go out and buy a Mercedes or take vacations in Hawaii. They got into debt through a lack of control over things like clothes, washing machines, lawn mowers, and drapes for their homes. The problem was usually too much too soon.

It wasn't what they bought so much as when they bought it. Credit doesn't avoid a decision that you can't afford something yet. It allows you to buy it and then discover that you couldn't afford it. A budget requires that all purchases be preplanned and all credit be offset by monthly income. In other words, you can't buy something that you can't afford to pay for. If a budget restricts your freedom, you probably have too much freedom. Every couple needs a budget, newlyweds especially. Never start out a marriage without knowing where your money is coming from and where it's going.

QUESTION 3. *Should we tithe on our net or gross?*
We know we should tithe, but should we tithe on our gross or on our net income?

ANSWER: I believe you can answer this question best by praying about it together. Whether you tithe on your net or your gross really depends on your conviction from God. Remember that giving is nothing more than an outside expression of an inside spiritual conviction. If you believe that God owns everything, give God the first part of everything. If you believe that God owns your net, then give from your net.

The amount of the tithe is not important to God; He owns everything. The amount is important to us. The tithe, given as a testimony, reaps a great harvest because it is the seed we plant in God's garden. God is able to take our tithe and multiply it.

Paul pointed out that we shouldn't force anyone to give grudgingly; it's a willing giver that God loves (see 2 Corinthians 9:7). Give what you believe God has asked you to give.

QUESTION 4. *What about consumer credit counseling?*
We have had financial difficulties for the first year of our marriage. A friend recommended that we use the consumer credit counseling service. Are you familiar with them?

ANSWER: Yes I am. In fact, I am on the board of advisors for CCC in Atlanta, Georgia.

In general, their counseling service is excellent and has helped many couples. I have two hesitations about endorsing their service nationwide. Since each group is independent, they each establish their own guidelines. Some do not promote tithing while in debt and, in fact, will not allow it while dealing with a couple's finances. The second negative is that they actually take over the management of the finances while the debts are being repaid. Therefore, the couples don't learn to manage their own finances and will quite often get back into debt.

QUESTION 5. *What about disability insurance?*
Our insurance agent has recommended that I buy disability insurance. I don't know if this is really necessary at age 25. Do you have any directions?

ANSWER: Disability insurance is used to provide the income that is lost when someone is disabled and unable to perform his or her normal work for a year or more. It is relatively expensive insurance, depending on the monthly income guarantee and the duration that it will be paid. In other words, the higher the monthly payment and the longer it must be paid, the higher the cost.

A wage earner who pays into Social Security has some disability insurance. Social Security will pay a disabled worker approximately 60 percent of his or her yearly wage if that person is certified as being disabled. Whether additional disability insurance is necessary is a matter of individual judgment.

Quite often it's a matter of financial priorities. With limited finances for insurance, the priorities are life and health insurance first, then disability. Why? Your probability of dying or major injury is much greater than being disabled. If you do elect to buy disability insurance, I would recommend a plan that will pay for two to three years. Very few people are ever disabled longer than that. And besides, that may be God's way to redirect our lives.

QUESTION 6. *Is eating out as cheap as eating in?*
We're a young working couple with no children. Our lifestyles are somewhat hectic because of our schedules and, therefore, we eat out a lot. We both think that it's probably as cheap for us to eat out as it is to buy food and prepare it at home.

ANSWER: This is hardly ever true, unless a large percentage of the food you buy is prepared foods—TV dinners and precooked meals.

It is true that preparing meals for just two people is relatively inefficient because so much of the packaging in grocery stores is proportioned for three to four people. However, the solution to that problem is to fix double portions and freeze half for later use.

Doing that will also cut your dinner preparation time by about half. If you can cook and freeze a couple of weeks worth of meals, you won't feel so much like you're always eating the same things.

One danger with developing the "eating out" habit is that it is difficult to break when you have children later. And even if you can still afford the cost, it's a bad habit nutritionally, as a general rule.

QUESTION 7. *Who should write checks?*
I keep our checkbook balanced, but almost every month I find my husband has written one or more checks he didn't tell me about. This really discourages me, and then I get sloppy about

balancing our account. But I can't stand to think about the account out of balance, so I'll start keeping the checkbook again. Do you have any suggestions?

ANSWER: I would say it sounds like a typical "you keep the books, but leave me alone" attitude on the part of your husband.

There is absolutely no way anyone can maintain good accounting over the home finances without both husband and wife cooperating.

I would first suggest discussing honestly how you feel with your husband. It may be necessary to see a counselor who can interface between you. If, however, after making every possible attempt to work on this problem together, you find your husband still will not cooperate, you need to turn the books over to him.

It may mean that the finances will get in a mess and bills won't get paid. That's always a risk. But until you work together, you will continue to feel the frustration you now feel.

Before turning the books over, you need to be sure you communicate that frustration to your husband *clearly*. You also need to be sure you can handle the chaos that normally follows. You need to be a helpmate (supporter) to your husband, but not a buffer.

QUESTION 8. *How do we decide on a car budget?*
My fiancée and I both have fairly new cars that are special to us. When we're married, the joint costs will run about 30 percent of our budget. Any suggestions?

ANSWER: Yes. Sell one of your cars. Your car budget doesn't have to be the exact amount—15 percent—that I indicated in chapter 12. You may be able to go over a few percentage points. But remember, for every percentage over in one category, you must be the same percentage under in the other categories. Why? Because when you add them all up, they must total 100 percent. If you have to spend 30 percent for your cars, it is virtually impossible to trim the difference out of the other categories.

I have heard couples complain that 15 percent for automobiles is inadequate. I'm not trying to control your spending, only to provide a guideline. If you can spend 30 percent on automobiles and still balance your income and outgo, that's fine. But unless you have free housing, I don't believe you can.

QUESTION 9. *What if my fiancé doesn't want to give?*
I like to give money to Christian causes and charities, but my fiancé does not. Could this cause a problem?

ANSWER: Not only can it cause a problem, it can cause a rift in your marriage. The first question you should ask is, "Are we compatible?" Scripture says, *"Do not be bound together with unbelievers"* (2 Corinthians 6:14). But I also believe the context goes beyond just Christian or non-Christian. It is best not to be bound together if you know you're not compatible in other respects.

You may be at different spiritual levels. It certainly is better to find that out before getting married. I would suggest that you delay getting married for a while, at least until you settle this issue of differing spiritual values.

QUESTION 10. *Should we buy a house as soon as we can?*
We want to get a house soon after we are married, but would it be wise to wait for a while before buying, even if we can afford it?

ANSWER: Unless you've come into marriage with a big bankroll, you need to wait. Don't be deceived into thinking that because you can afford the down payment, you can go out and buy a house. Even if you have $10,000 to $15,000 to put down on a $100,000 home, you will still have payments of nearly $900 a month if the interest rate is 10 percent. Before you buy, be certain that the payments fit your budget.

Contrary to a popular belief among young couples, a house is not a "need"—at least not most of the houses we see around us. But I do believe God promises that if we trust Him, He will provide according to His will. If God's plan for you is to have a home, there is a house out there sitting and waiting for you. The way to know it's from God? It will always be within your budget. God will not put you in debt. As Proverbs 24:27 says, *"Prepare your work outside, and make it ready for yourself in the field; afterwards, then, build your house."*

QUESTION 11. *Should we have joint accounts?*
We both work. When we're married, should we have separate or joint checking accounts?

ANSWER: Let me encourage you never to maintain separate anything, including checking accounts. When you develop a his money/her money philosophy, it usually leads to a him-versus-her mentality. There should be no his money/her money in a marriage. The only reason to maintain a separate account is for business purposes; for instance, to manage the accounting for travel expenses associated with a commission sales job.

QUESTION 12. *Should I budget surplus expense money?*
I'm a salesman and have a daily allocation for expenses. Sometimes I use it all, but other times I have a surplus. Should I budget my expense money with our household budget?

ANSWER: I recommend that you totally separate business expenses and reimbursements from your family budget. Those are business expenses, not related to the family.

Many salespeople live on their expense accounts and end up with a financial mess on their hands. They charge on their personal credit cards and bill the employer; the employer pays, they spend it, and then the credit card bills come in. That can generate a lot of debt. Therefore, business and personal expenses need to be handled separately. If you end the year with a surplus in your expense account and the company allows you to keep it, then use that as the Lord leads you both.

QUESTION 13. *Should we wait to have children until we can afford them?*
Raising children seems very expensive. Should we wait before we decide to have children?

ANSWER: First, let me say I'm not a family counselor, but I believe that children, like everything else in your lives, need to be planned, within reason. I'm not going to attempt to tell anyone how many children they should have, or when. Obviously, that's between you and God. But you need to think it out very thoroughly and seek His wisdom.

I recommend that young couples do not budget the wife's money into their month-by-month spending. Even if you're not planning to have children immediately, I would recommend that the wife's income be saved and used for one-time purchases such as a down payment on a home, buying a car, or a vacation. That way, even if it is eliminated, you can survive financially without it.

QUESTION 14. *Should my wife work until my salary increases?*
We have qualified for a home, based on both our salaries. My wife intends to work until my salary is adequate to meet the monthly payments. Is this acceptable?

ANSWER: I would advise you not to buy a home based on two incomes, ever. When you presume your wife will work until your salary increases to meet your needs, that's a dangerous presumption.

It would be better to rent what you can afford than to take on the pressures of a house payment that determine if and when you can have children. You can easily get trapped into a lifestyle that has no room for children if you're not careful. As Solomon said, *"He who loves money will not be satisfied with money, nor he who loves abundance with its income. This too is vanity"* (Ecclesiastes 5:10).

QUESTION 15. *How do we qualify for credit?*
How do we ever qualify for credit if we don't ever borrow any money?

ANSWER: The first thing I would recommend is to do without credit as long as you can. The less credit you have, the less credit you are tempted to use. But that's a decision you have to make.

I would encourage you not to use credit for any consumer items such as entertainment, clothes, or appliances. Those things usually wear out long before the debts are paid.

The best, least-expensive way to establish credit is to save first and then borrow against your savings. For instance, suppose you have saved up $500. You can use your savings as collateral for a $500 loan. Usually, the bank will charge you 1 to 2 percent interest above your savings. If you make payments on the loan for a year or so and pay the loan back in a timely fashion, you'll have excellent credit. In fact, you'll be inundated with credit card applications. Then you'll have to exercise discipline to avoid the temptations credit brings with it.

Some couples, in spite of everything we've discussed, are going to end up in debt with credit cards. The reasons will seem both logical and necessary at the time. The result will be a great deal of grief and strain on their marriages. So let me give you the recipe for being debt-free again. Preheat your oven to 450 degrees, grease a cookie pan, and throw your credit cards in on top of it. That's the recipe for being debt-free (once you pay off your current charges, of course). If you're afraid you'll smoke up your kitchen, cut them up instead.

If you're already in debt and you didn't get there in one year, you probably won't get out in one year. But you *can* get out. It's a matter of self-discipline and desire.

QUESTION 16. *How can we buy a home without borrowing?*
We're planning to buy our first home, but I don't see any way we can ever buy a home without borrowing. Is it wrong to go into debt for a home?

ANSWER: Borrowing is not a sin, nor is it forbidden scripturally. There is nothing sinful about borrowing to buy a home. Just be sure it's a home you can afford. As I said before, the decision to buy should be based on your budget. If you can buy as cheaply as rent, then buy.

Obviously, most young couples today will have to buy with a mortgage because the price of homes is inflated through the use of credit. Without credit, the average $100,000 home would sell for around $15,000 to $20,000.

However, just because you borrow to buy, it doesn't mean you have to pay on your home for 30 years. Have a goal to own your home as quickly as possible.

QUESTION 17. *Should I pay all the bills?*
My fiancé doesn't know how to handle money. Should I pay all of the bills myself after we're married?

ANSWER: Both of you need to learn how to manage your finances, including how to balance a checkbook, pay bills, handle credit, and so on. So you need to work on a budget together. Don't allow any area of your marriage to develop a his/her attitude. Develop an "our" attitude.

It doesn't matter whether it's starting a business, buying investments, or anything else. Do it together. Pray together, study God's Word together, pay the bills together, develop a budget together, invest together, start a business together. The world teaches his/hers. God's Word teaches "ours." *"House and wealth are an inheritance from fathers, but a prudent wife is from the Lord"* (Proverbs 19:14).

QUESTION 18. *Should I keep my inheritance separate?*
I have a sizable inheritance. My father suggests I keep it in my name in case the marriage doesn't work out for some reason. Should I?

ANSWER: Absolutely not. Prenuptial agreements are the seeds that grow into bitterness later. God directs a man to provide for his family (see 1 Timothy 5:8) and a wife to be subject (literally, give all esteem) to her husband (see Ephesians 5:22). If the inheritance is from your father and he doesn't want you to merge it with your future spouse's assets, you would be better off giving it back or not getting married.

In our generation, we're not very good about keeping vows. A vow is a promise, and when you get married, that promise says, "I irrevocably and forevermore commit myself to you." We're a "if it feels all right, do it" society. So if it doesn't work out, we can always get out of it. That is not God's way. I would encourage you not to get married if that is your attitude. You'd be doing your partner a grave disservice.

If you don't believe in your heart that God has created you to be one with your spouse as long as you both shall live, through good and bad, through riches or poverty, even through anger and hurt—stay single. If you think you're not going to get angry at each other from time to time, you're probably fooling yourselves. There will be times when you'll get very angry with each other, but if you have that irrevocable commitment from the Lord inside that says, "This is forever," you'll stick it out and grow stronger.

When you get married, God says it's a union of two people into one (see Genesis 2:24). God's Word also says that you must first surrender your life to the Lord Jesus Christ in order to be saved. If either of you have never done that, make that your first step.

NOTE: If you feel you have other questions that need to be answered before you get married, I recommend my book *Answers to Your Family's Financial Questions*, published by Focus on the Family. Copies are available in most Christian bookstores.

PART TWO

CRITICAL FAMILY ISSUES

INTRODUCTION

Before discussing specifics such as insurance, inheritance, and retirement, it's important to repeat that unless a husband and wife are willing to work together, they will never achieve God's best, because God treats them as a unified team.

First and foremost, a husband and wife must commit to spending some time together alone, developing their goals.

The topics discussed in this section pertain to long-range planning. In order to do long-range planning, you must first do short-range planning. So work on your budget first, as previously discussed.

I suggest that a husband and wife set aside at least half a day by themselves (without children along) and begin the planning process. Before you begin, you need to pray together and ask God to give you the wisdom His Word promises: *"But if any of you lacks wisdom, let him ask of God, who gives to all men generously and without reproach, and it will be given to him"* (James 1:5).

You won't be able to do all of your long-range planning in one day. The best you can do initially is talk about your goals and get started. Once you have decided how much of your children's education you will pay for and how much they will be responsible for, at least you'll have a starting point. The same is true of selecting the amount and type of life insurance and how much inheritance you want to leave to your children.

15 LONG-RANGE GOALS

The first long-range goal of any couple should be freedom from debt. It makes no sense to do long-range financial planning in the areas of retirement, inheritance, and education when you still have debts. Eliminate all debts *first* and then use the funds you will have available each month to do the other things. Start with the highest interest rate loans you have, usually credit cards or consumer loans. When those are gone, start on the car loans; when those are paid for, start on your home. If you will stick to this plan, in three years you can be debt-free, except for your home. And if you stick to the plan diligently, using the money you have been paying on your debts to pay on your home, you can be totally debt-free. With discipline, any couple can be totally debt-free. It's a matter of commitment.

In order to do long-term financial planning, you must develop a surplus of money. Once you're debt-free, continue to live at the same spending level and you'll develop a surplus. Obviously, it's hard for God to multiply your assets if you don't have any. As Proverbs 6:6-8 says, *"Go to the ant, O sluggard, observe her ways and be wise, which, having no chief, officer, or ruler, prepares her food in the summer, and gathers her provision in the harvest."* In other words, take the opportunity when you have a surplus to put some aside for later.

For the majority of families, the surplus years are the first 50 or 60 years of their lives, and the lean years start at 65-plus. The funds you consume now cannot be recovered later. For instance, a $10,000 car purchased at age 30 doesn't really cost $10,000. If you save the $10,000 at 8 percent for 35 years in a retirement account, it will be worth $147,853. That's what the car *really* costs you.

At some point, every Christian must decide, "How much is enough?" That includes houses, cars, clothes, vacations, and so on. Otherwise, we simply consume all we make and continually need *more*.

The question is often asked, "Should Christians save for the future or give all surpluses away?" Everything should be balanced in our lives, including giving and saving. Since giving pays eternal dividends and savings pay only interest, when in doubt, lean more toward giving. But God can accomplish both when you're seeking to apply His principles. As the Apostle Paul wrote, *"And God is able to make all grace abound to you, that always having all sufficiency in everything, you may have an abundance for every good deed"* (2 Corinthians 9:8). Since God's Word discusses investing, inheritance, and savings, it is clear that not all surpluses are to be given away. Some are to be retained and multiplied for future needs. That's why long-term plans are so necessary. As you read through the chapters on insurance, inheritance, and retirement, you need to begin formulating your own goals.

16 INSURANCE

Two questions are often asked regarding insurance: "Is insurance scriptural?" and "Does owning insurance reflect a lack of faith?" The answers are both yes and no. Insurance is not specifically defined in Scripture; however, the principle of future provision is. Owning insurance does not necessarily reflect a lack of faith (trust) in God, though it can. However, just as damaging are the secondary effects that insurance is having on our society: greed, slothfulness, waste, and fear.

Americans have developed an insurance ethic that often rationalizes cheating where insurance companies are concerned. Many committed Christians are willing to use insurance funds to do things they would never consider doing with their own money. Recently, a Christian physician and I were discussing the issue when he related an all too common event. A Christian patient of his was in need of diagnostic tests. The doctor suggested that she receive the tests as a hospital outpatient because the costs would be substantially less. "Oh no," she said, "my insurance only pays if I'm admitted to a hospital for at least two days, and I want the best." Certainly, this Christian lady would never consider willfully cheating somebody—but didn't she? *"And if you have not been faithful in the use of that which is another's, who will give you that which is your own?"* (Luke 16:12)

It has been estimated that the cost of hospital and medical care might be reduced by half if Americans could not fall back on their insurance to pay the bills. Satan is very subtle about the traps he lays for us. Rarely will a knowledgeable Christian be tricked into an overt act of sin. So Satan provides a small, almost inconsequential, compromise to God's standard, such as shifting a personal obligation off to an insurance company.

CURRENT ATTITUDES

Why is it that even committed Christians are tempted to cheat and rationalize their dealings with insurance companies? Several factors are involved; one is that insurance companies are seemingly wealthy and impersonal. Inwardly, many people feel that to be wealthy, they must be dishonest and, therefore, are "fair game."

Also, since they don't actually know anyone at the insurance company, it's not like cheating a person.

Lastly, we have developed such a "protectionist" attitude in our society that most Christians are expecting too much from insurance. Literally, they expect the insurance company to "protect" them from any loss.

Some people feel that their insurance payments entitle them to cumulative benefits, so that if they have paid in for 5 years at $200 a year for home insurance, they have at least $1,000 in benefits coming. Others somehow believe that, because insurance pays the bill (and often their company pays the insurance), the benefits are free. The reality that such coverage is not free is beginning to be made very clear as companies cut back on benefits, including paid insurance, to survive financially.

BIBLICAL PERSPECTIVE

A Christian must believe (act in accordance) that *all* resources belong to God. Therefore, the resources that are in the control of an insurance company are still God's. As such, we will be held accountable for how they are spent (on us) just as certainly as if the funds came out of our savings account. As God's Word says, *"The righteousness of the upright will deliver them, but the treacherous will be caught by their own greed"* (Proverbs 11:6).

PROVISION

God's Word teaches provision, not protection. Insurance can be used to provide where a potential loss would be excessive. This is especially true when another's loss must be considered, as in automobile liability coverage. *"A prudent man sees evil and hides himself, the naive proceed and pay the penalty"* (Proverbs 27:12).

This point was brought home to me as I sought to insure our ministry buildings. A group of Christians had provided the funds to purchase our property which was to be developed into a counseling center. Even minimal insurance coverage turned out to be several thousand dollars a year. After seeking God's will, the answer became very clear. Certainly, if God was able to provide the buildings initially, He could also replace them if necessary. So the insurance money went to buy teaching materials. In deciding this issue, I relied heavily on the counsel of several other Christians whose spiritual insight I trusted. As I prayed about this decision, I kept returning to this Psalm: *"Call upon Me in the day of trouble; I shall rescue you, and you will honor Me"* (Psalm 50:15). However, God does not want us to be foolish; He wants us to be responsible. Later, as we were able to handle the costs, we did insure the buildings for replacement value. We were able to negotiate a package plan with a high deductible that significantly reduced our premiums and provided a good balance between current costs and future liability.

Too often insurance is used to shift our responsibilities to someone else. Between the government welfare programs and the growth of insurance plans for virtually everything, the Christian community has been duped into believing that they don't *need* each other. This is again a lie from the deceiver to suit his purpose. But, when God decides "enough is enough," we will again discover the reality of Psalm 73:25, which says, *"Whom have I in heaven but Thee? And besides Thee, I desire nothing on earth."*

Prior to Christ's return, we will again be molded into a working body, and no amount of insurance will be able to buffer us from needing each other. The community plan described in Acts 4:34 will be our "insurance" plan. This does not mean that the use of insurance is unscriptural, but the misuse of it is.

NET EFFECT OF AN INSURANCE ETHIC

Unfortunately, one of the bad side effects of relying so heavily upon insurance to buffer every little problem is that we also buffer God's guidance. There is no evidence in Scripture that God promises or desires to buffer His people from every difficulty or inconvenience. In fact, conversely, evidence exists that these circumstances are specifically allowed to redirect us or to "test" our faith (see Romans 5:3; 2 Corinthians 8:2; Philippians 4:12; James 1:3). Thus, there is a "transfer" of trust from God to insurance when insurance is used in excess.

As previously noted, the apparently easy access to insurance company funds promotes an attitude of slothfulness, both financially and spiritually. Financially, because there is less incentive to save and anticipate problems, and spiritually, because there is less need to pray about future needs (of others as well as our own). Those who have access to employer-paid, low-deductible insurance plans have a tendency to forget that not everyone in their community has the same opportunity. Legitimate needs often go wanting because others lack the resources to afford the high cost of insurance.

EVALUATING LIFE INSURANCE

The purpose of any life insurance plan is after-death provision for those for whom we are responsible while we're alive. Many Christians have too little insurance, while others have too much. It always baffles me to counsel a Christian who has purchased an enormous amount of life insurance to protect an estate that is probably far too large anyway. *"A man who has labored with wisdom, knowledge, and skill . . . gives his legacy to one who has not labored with them. This too is vanity and a great evil"* (Ecclesiastes 2:21).

On the other end of the spectrum are those who have the ability to provide for their families if they die unexpectedly but apparently don't think they ever will. Both examples reflect disobedience to God's principles. As Solomon said, *"If a man fathers a hundred children and lives many years, however many they be, but his soul is not satisfied with good things, and he does not even have a proper burial, then I say, 'Better the miscarriage than he'* " (Ecclesiastes 6:3).

There are assets and liabilities associated with any kind of insurance. To make good decisions, you must be able to evaluate your needs versus the costs.

• THE ASSETS OF OWNING INSURANCE

First, you can use insurance to provide for contingent liabilities that otherwise could not be met. For instance, most men need the greatest amount of life insurance when they're young, because they have a wife and children at home who probably would not be able to support themselves without a husband and father. So insurance is used to produce the needed income. It is substitute collateral for the wage earner. The insured is looking ahead, seeing a potential problem, and providing for it.

Second, insurance frees surplus funds. Let's assume that a husband makes $25,000 a year. If he dies, the family will need a $25,000 income. Let's further assume that Social Security will provide $10,000 a year for dependent care. The family is still $15,000 a year short. Where will the funds come from? It would take approximately $150,000 in assets, invested at 10 percent, to provide the $15,000 needed. The funds can be provided in either of two ways. One is by saving $150,000, in which case insurance is not necessary. The other is with life insurance. Even if a family *has* $150,000 but wants to use it to buy a home, the insurance provides substitute collateral. In other words, it frees $150,000 that could be used currently or could be given away if desired.

• THE LIABILITIES OF OWNING INSURANCE

One liability of insurance is that it costs money. So you must give up current spending in order to provide for the future. If you need $150,000 of insurance, then it will cost money from your current budget. For the sake of example, let's assume that your insurance will cost $25 a month. So you must free $25 a month in earnings to fund it.

The second liability of insurance is that it can divert your dependency from God. Solomon wrote, *"Trust in the Lord with all of your heart, and do not lean on your own understanding. In all of your ways acknowledge Him, and He will make your paths straight"* (Proverbs 3:5-6). We are to trust in the Lord, not insurance. That doesn't mean to forgo all use of insurance, just that we are not to use it to "protect" or profit.

I counseled an airline pilot who was spending $500 a month for disability insurance. If he had lost his pilot's license, he could have lived without working. It was obvious that he wasn't using insurance to provide. He was living in fear and trusting in his insurance.

That leads us to the third liability of insurance: people use it to profit. I think of a man I counseled who parked his car in a downtown parking lot and came back to find it dented up pretty badly. The "banger" didn't leave a note on his car and, as a consequence, he ended up with damage on his car that he couldn't fix, since he didn't carry comprehensive insurance. A few weeks later, somebody accidentally hit him from behind in almost the same spot. When the damage was appraised, he "forgot" to mention the previous damage. As a result, he got both dents fixed. He assumed the second accident was a blessing from God. It wasn't a blessing from God; it was deceit. He deceived the insurance company and the second driver by failing to tell the whole truth. It's an easy trap that Satan can use. As Proverbs 11:20 says, *"The perverse in heart are an abomination to the Lord, but the blameless in their walk are His delight."*

WHOLE LIFE VERSUS TERM

Life insurance falls into two basic categories: cash value and term.

Cash value insurance is known also as whole life, universal life, endowment, permanent insurance, or any number of other trade names. Its basic feature is that it is usually purchased for an individual's lifetime and accumulates some cash reserves from the paid-in premiums.

Cash value insurance is normally more costly at a younger age than is term. In a young family with limited funds available, it represents, at best, a questionable purchase. At worst, cash value insurance can be so costly that many families buy inadequate amounts of insurance at a time when their need is the greatest. Then if the wage earner dies, the family is the loser because the needed income benefits are missing.

The normal sales program for cash value is based on three premises:

(1) It is "permanent" insurance and will remain in force for the individual's entire lifetime, while term insurance will ultimately cease.

(2) It builds a cash value that is the equivalent of a savings plan.

(3) You are actually "buying" the cash value insurance while you only "rent" term.

Let's examine each of these statements from the viewpoint of the family.

What does "whole life" or permanent insurance really mean? The insurance is available for the entire lifetime of the insured, but so are the monthly premiums. Some policies can be "paid up" in a given number of years or at a predetermined age, but the costs are higher. Usually these plans, called minimum deposit, involve taking out loans against the policy to make future premiums. These reduce the amount of death benefits available.

It's important to note that in most plans the cash accumulation really belongs to the insurance company. If the insured dies, his family receives only the face value of the policy, not its value plus the cash accumulated. If the cash is borrowed prior to death, interest must be paid to the insurance company. If it is not repaid prior to the death of the insured, the outstanding loan is deducted from the proceeds. However, if the policy pays dividends, the dividends do revert to the owner or beneficiaries.

So much misinformation has been presented about life insurance that it is difficult to separate fact from fiction. The certainty is, no one plan fits everyone. You must decide to buy what you need at a price you can afford. For most young couples, term insurance fills their need for after-death provision and better fits their budget.

Term insurance means insurance that is sold for a determinable number of years. Most term policies do not accumulate any cash reserves and are literally insurance only. There are two basic types of term insurance: decreasing term and level term. In decreasing term, the cost (payments) stays constant, but the face value or face benefit decreases as prescribed (i.e., annually, 5 years, 10 years, and so on). In level term, the cost increases for the period selected while the face value stays the same. Simply stated:

Decreasing term = consistent cost and decreasing payout
Level term = increasing cost and constant payout

Decreasing term can usually be selected for periods of 1 to 20 years.

Which insurance is best for a young family's needs? I believe level term is better because the need for insurance in a family does not decrease at a predictable rate as the decreasing term policy does.

For example, assume that a 25-year-old father of 2 young children bought a $100,000 decreasing term policy. In 10 years his policy would be worth approximately $80,000, but his insurance needs would not have declined; in fact, they may well have increased.

With a level term policy, his premiums would have increased but the insurance coverage remained the same. Additional coverage could be purchased for the period of higher need.

COST COMPARISON

Is cash value insurance less expensive since it accumulates a cash reserve?

It is noteworthy that most cash value policies at some point actually accumulate more cash reserves from interest and dividends paid than the yearly premiums. Does this mean the insurance is free? Not really, as this example illustrates.

Assume that a man 30 years old needs $100,000 of insurance to provide for his wife and 3 children in the event of his death. His choices have boiled down to a cash value policy or a yearly renewable term policy. The cash value policy costs $1,200 a year.

At age 65, it will have $100,000 in cash value. If he dies any time before 65, his family will receive the $100,000 face value. Assume also that he can afford the premium. If he could not, the decision would be one of budget.

The term policy costs $200 per year initially. Each year the premium costs will increase. This particular term is guaranteed renewable regardless of his health, until age 100.

The difference in premium cost between the cash value policy and term policy will be invested in U.S. savings bonds each year so that the equivalent of the cash value policy is being saved. At the age of 65, the cash reserves are as follows:

Cash value in insurance = $100,000
Cash in savings bonds = $127,000

It is also important to remember that if the husband dies before 65, his family would receive $100,000 from the cash value policy, but would receive $100,000 plus the savings bonds worth $127,000 from the term policy.

CONCLUSIONS

Probably the best way to summarize life insurance by cost and type is to look at how much money is available to purchase what you need.

Most young families can afford only term life insurance. Term is much less expensive than cash value insurance at the younger age when the need is high but the income is limited. The older the person is when selecting insurance, the more costly the term policy. But so is a cash value policy when purchased at an older age. You can get the best value by purchasing term and saving the difference. However, the practical truth is, most people don't save the difference; they spend it.

When they get to be 50 or older, their term insurance can get to be prohibitively expensive.

My direction for the couples I counsel is: Buy term because you cannot afford whole life. But, if by the age of 40 you have not been self-disciplined enough to save the difference that the cash value would have cost, then convert to a whole-life plan.

HOW MUCH LIFE INSURANCE?

"How much is enough?" is a difficult question to answer precisely. There are many variables within each family that must be considered: the age of the children, the wife's income capability, existing debts, current lifestyle and income, and any other sources of after-death income besides life insurance. One family may wish to supply enough insurance to live off interest income alone while another may wish to provide for a specific number of years. These decisions are important and should be made mutually by husband and wife.

One method to help you evaluate how much insurance you need is based on present income and spending. Once you have begun to budget and have peace that it is God's plan for your family, the same income would probably be necessary in the event of the wage earner's death.

Using the following guide, we will assume that a man dies, leaving a wife and two young children. His annual income had been $24,000. He had no large investment plan and only a small savings plan.

Husband's income per year		$24,000
Less:		
Insurance (not necessary)	$ 250	
His living costs	$3,000	
Social Security income	$8,000	
Deduct after-death income from total deductions		$11,250
Income needed for family		$12,750

Multiply $12,750 x 10 = $127,500 of insurance needed. (Multiplying the amount needed to earn $12,750 yearly at 10 percent interest.) Thus, the approximate amount of insurance necessary to earn $12,750 in interest income is $127,500. Appendix C provides a simple form for calculating the amount of insurance your family needs.

If additional funds are needed for education or other special circumstances, these also should be considered. Strive for balance. Trying to overprotect a Christian family can remove them from God's plan for their lives. The same God who provides for us promises to provide for our families as well. He wants us to use our sound minds to provide but not to try to protect against everything (see 1 Timothy 5:8).

SHOULD WIVES HAVE LIFE INSURANCE?

Several sales methods are used to sell insurance for wives. The most common is: How much would it cost to replace the work a wife provides in the home? This is usually meant to imply a maid and other services. This reasoning is valid only when a family has small children and no close relatives or friends who could or would assist in the housekeeping, cooking, and so forth.

Another reason given for the wife to have insurance is the cost of her burial. This is a legitimate purpose to carry some insurance on a wife. Unless a family has enough money in savings to cover the funeral costs, such an expense could place them in financial bondage.

My wife and I assessed this possibility in our planning and began to search for a reasonable alternative. It didn't seem to me to be good stewardship to pay out money month after month for a contingency such as my wife's possible funeral expenses.

We found an alternative through our state's Georgia Memorial Society. This is a nonprofit organization created to reduce the cost of funerals. For a small initial fee, we are guaranteed an extremely low-cost funeral for any immediate family member. The actual cost would be far less than a normal arrangement and within what I could afford. This same plan covers all arrangements in the event of my death and removes the burden from my wife. Memorial societies exist throughout most parts of the United States.

The principle is: If insurance dollars are limited, spend them where they are needed most—on the wage earner!

CHOOSE YOUR AGENT WISELY

One of your best assets is a good, independent insurance agent to help you with these decisions. Shop around—a lot! Look for an agent who has your interests at heart and not his or her own. The proof should be in black and white. Ask the agent to thoroughly define the insurance plan in writing and then have several other agents, including some who sell both term and whole-life, give you comparative prices. Remember, *"Where there is no guidance, the people fall, but in abundance of counselors there is victory"* (Proverbs 11:14).

DISABILITY INSURANCE

As with most kinds of insurance, it is almost impossible to describe the different types of disability insurance. An agent can virtually design a policy on the spot if you can afford it.

Balance is again most important. You must ask yourself whether your attitude is motivated by fear of the unknown or by God's plan for your family. A pressure salesperson can generate an attitude of fear by describing "horror stories" that happened to other families. But you must develop your own plans, which may or may not include disability insurance. In no case should disability insurance be looked upon as a means to supply all future income. The cost would be so high that it would rob current family needs and, even worse, take away the incentive to readjust to a new life.

17 INHERITANCE

Inheritance is one of those subjects that most of us don't like to talk about. It's amazing to me how superstitious Christians are. We think that, somehow, talking about death might make it happen. This I'll guarantee you: Talking about death won't make it come a minute sooner, and not talking about it won't delay it one minute longer. That's up to God.

About 80 percent of all Americans die without a valid will. In other words, they haven't left the basic details, telling how they want to distribute their assets. If you don't have your own will, the state has made one for you. When you die without a will, it means that you die under the laws of intestacy in your state. The state will determine what happens to your assets according to a predetermined plan. Go to any public library and look at a copy of the state's will. It should stimulate you to action when you read it. The widow becomes a child in the eyes of the state. She gets a child's portion and the children get individual portions of the estate. She can be required to prove how and where the children's money is used, file reports, and pay for audits.

By the way, about 85 percent of all attorneys in America die without a valid will also. That's the old shoemaker's principle, remember? The shoemaker is the only man in town whose kids don't have shoes. The attorney makes wills for everybody else but neglects to make his own.

Solomon said, *"If a man fathers a hundred children and lives many years, however many they be, but his soul is not satisfied with good things, and he does not even have a proper burial, then I say, 'Better the miscarriage than he' "* (Ecclesiastes 6:3).

The principle means that God expects us to be responsible. The minimum stewardship for any Christian in the area of inheritance is to have a valid will. As we just discussed, life insurance can provide the needed funds; a will determines how they are to be distributed.

What are the basic biblical guidelines for inheritance? First, God's Word teaches that you do your giving while you're still alive. The only exception is when you die prematurely. Our basic inheritance plan should be to pass along the inheritance to our children while we're alive, so we can see how they use it.

A friend, who has now gone to be with the Lord, told me: "Do your giving while you're living; then you're knowing where it's going." That's a good cliché for all of us to remember.

Too often in our generation, parents are so deeply in debt they have nothing to leave their children. I saw a bumper sticker not long ago that I thought characterized our society. It read: "I'm headed to Florida to spend my kids' inheritance."

Both husband *and* wife need wills. I have talked to people who said, "We don't need wills because we don't own anything."

In 1976, three men I knew died in accidents. Two died in a plane crash and the third in a car accident. Of the three men, only one had a will. None had any major assets. Their estates consisted primarily of life insurance that was assigned to their widows, so they felt they didn't really need wills. The settlement from the plane crash was over a million dollars, and the settlement from the automobile accident was about $700,000. These husbands had enormous estates and didn't know it.

By the time the estates were cleared and distributed, for the two without wills, it took nearly four years and cost over $300,000. For the husband with the will, it took 60 days and cost about $6,000.

One reason the wife needs a will is because in a common accident the assets of the estate can pass to her. If she has no will, she dies intestate and the court handles the estate.

WHEN TO GIVE AN INHERITANCE?

I don't suggest giving children their inheritance when they're 6 years old or even 18. But at some point, begin to distribute the assets you want them to have. If you die prematurely, your will or trust should specify when distributions should be made to your children. I would suggest staggering payments over several years; for example, at ages 25, 30, 35, and so on. That way the children are older and hopefully wiser.

A common problem is a widow left to manage assets that have to last her for the rest of her life but who has little or no knowledge of what to do. I believe that every husband, at least once a year, needs to sit down and write his wife a letter, detailing what she should do in the event of his death. List all the assets, including insurance and investments, and give her counsel on what you would do if you were there and had the funds available. Wives need to be *sure* this is done.

I have counseled enough widows to know that too often they don't even know where the insurance policies are. They have no idea of whether it's better to take the insurance in cash or an annuity. These questions can be simplified greatly by investing the few minutes it takes once a year to discuss these key matters.

Obviously, a wife needs to understand how to manage the finances of the home. I have met women who said, "I just don't want to do it. My husband keeps the books and pays the bills." Every wife needs to manage the books in the home for some period of time—at least enough to know how.

Statistics tell us that, the vast majority of the time, the husband predeceases his wife, and the average age at which a woman is widowed is 52. I told that at a conference not long ago, and a man responded, "If I divorce my wife when she's 51, I'm bound to live longer, right?" No, it doesn't work that way.

TRUSTS

A trust is merely a detailed plan that tells the government how to distribute your assets after your death. Since it is a legal entity, much as a corporation is, a trust that is activated before you die does not need to be probated (proved). So it avoids the delay and costs of probate.

There are two basic kinds of trusts. One is called *inter vivos,* or a living trust. The second is called a *testamentary* trust. A living trust means exactly that. It is established while you're alive. A testamentary trust means it is activated upon death.

There are two common types of living trusts. The first is a *revocable* trust and the other is an *irrevocable* trust. Revocable means that the donor can change or cancel the trust while he or she is alive. Irrevocable means that the donor gives up all rights to the assets assigned to the trust. For instance, assume that I set up an irrevocable living trust and put assets in it, such as my home, my insurance, stocks, and bonds. I am bound by the terms of the trust while I am alive. Upon my death, the assets of the trust will be managed or distributed as I determined.

However, in a revocable living trust I have the right to withdraw the assets at any time prior to my death. The trust becomes irrevocable upon my death.

Neither trust will have to go through the probate court. However, the assets in the revocable trust can be taxed, because they are a part of my estate. If I reserve the right to control them, the law considers that they belong to me.

The most common type of trust for most families is a part of their will. Let's assume that in my will I state, "Upon my death, take my insurance and put it into a trust so that the assets are managed to provide for my wife as long as she's alive. Upon her death, liquidate this trust and distribute the proceeds to my children equally." This becomes a testamentary trust. All of my assets would go through the probate court, but then the trust would take effect. The reason for a testamentary trust is to direct the use of the assets and avoid unnecessary estate taxes in the event of a common accident. In this case, the assets would not be totally taxable in my wife's estate.

WHAT IF YOU MOVE?

Your will may not be valid from state to state. Let's assume that you live in a state that requires two witnesses on a will and you move to a state that requires three witnesses on a will. You have an invalid will. You need to be sure that the laws of the state where the will was drawn are compatible with the laws of the state where you presently live.

HOLOGRAPHIC WILLS

Can you draft you own will? Most states provide an alternative for residents to draft their own wills. However, you need to be very cautious because many self-made (holographic) wills are not probatable, meaning they are not provable in court. Many judges of the probate court are very critical of wills not drawn by professional attorneys. So before you try to draft your own will or buy a "will kit," you need to check it out with a good attorney in your state.

By the way, I recommend that the original copies of all important documents, such as wills, insurance policies, and the like, be stored together in a safe and findable place. A safety-deposit box at your local bank ensures these papers against theft and destruction.

18 RETIREMENT

Does the Bible speak about retirement? Yes, it does. In fact, the Bible speaks on finances approximately 1,800 times. Out of those 1,800 scriptures that deal with finances, only one references the subject of retirement. It's found in Numbers 8:25. *"But at the age of fifty years they shall retire from service in the work and not work any more."* The "they" refers to the temple priests. We don't know what the temple priests did after 50 years, but they could no longer be temple priests. Since that is the only reference on retirement in the entire Bible, I believe the concept we have about retirement today is somewhat out of balance.

As we get older we will normally change our work patterns. A 50-year-old man rarely does the same things at 50 he did at 25. Most who live to be 75 won't do the same things they're doing at 50. But most can be doing something productive for the Lord if they plan properly.

I recall a study done by a major university. They surveyed 200 65-year-old men who were graduates of their school, eliminating those with bad health, heart trouble, and so on. They maintained contact with these men from ages 65 to 75. One half of the study group retired at 65 and the other had continued their careers. At age 75, of the group that had retired, 6 out of 7 had died. Of the group that did not retire, 6 out of 7 were still alive.

The conclusion of this study was: A man's probability of dying if he stops work at 65 goes up approximately 500 to 600 percent. So if you want to live longer, stay active.

Let's look at retirement from a practical perspective. If you're not going to be able to do the same things at 65 that you were able to do at 25, then you need to be preparing for that contingency. If these are the harvest years of your life, then you should put something aside for the winter years. Or if you desire to do volunteer work with a ministry after retirement, then you'll need to have some surplus funds set aside, and there's nothing wrong with that.

But the point is, if a Christian orients his or her life toward retirement, something is out of balance. I think of what David wrote: *"I have been young, and now I am old; yet I have not seen the righteous forsaken, or his descendants begging bread"* (Psalm 37:25). We need to remember that.

GUIDELINES FOR RETIREMENT

(1) *God intends that we be productive.* So plan something later in life that you can do to earn a living. If you're a school teacher and you don't think you can continue teaching school beyond age 65, take up woodworking. If you're a plumber and you don't think you can plumb beyond 65, take up schoolteaching. It's amazing to me that plumbers retire and want to teach school, and teachers retire and want to go into plumbing. But it's important that you find a way to keep productive.

(2) *Be prudent.* As Proverbs 27:12 says, *"A prudent man sees evil and hides himself, the naive proceed and pay the penalty."* Obviously, you are going to get older. The alternative to getting older is not a good one. Plan for it and lay aside some money for the future. If you're living on such a small income that you have no choice and you cannot put any money aside for the future, God can still provide for you.

(3) *Don't rely totally on Social Security.* When Social Security began in 1935, there were 17 contributors for every person drawing from it. Right now there are approximately 7 contributors for every person drawing from it. By the year 2000, we will be down to about 4 people contributing for every person drawing, and by 2015, there will be approximately 2.5 people contributing for every person drawing from the system. That is impossible. Don't do all of your retirement planning around Social

Security. It should be a supplement only. There is no way that the system can continue without some changes. A simple solution that will make Social Security solvent again would be to raise the minimum retirement age to about 95!

If you don't want to rely on Social Security, what other retirement plans should you consider? If you qualify for an IRA (Individual Retirement Account), consider saving some money each year to the extent your budget will allow you to contribute. For a discussion of retirement investing, see Part Four, entitled "Ten Keys to Successful Investing."

What about company retirement plans? You need to evaluate your company retirement plan to see if it meets your needs. But let me caution you: Many large companies borrow money from the employees' retirement plan. If the company fails, and many companies do, they can bankrupt the retirement plan at the same time. If I were with a large company, I would check to see how much they have borrowed from the plan.

What can you do if you find the company is heavily in debt to the retirement plan? Write the company leadership and tell them of your concern. And I probably wouldn't do all of my retirement planning around that plan.

One last thing about retirement: I believe that the best potential retirement plan for anybody is the ability to earn a living after 65 or 70 years old. I would encourage you to begin looking for an alternative vocation after you retire. I'd recommend going to a good vocational school and studying a trade in your spare time. Pick one that you would like to do, such as electricity, plumbing, air conditioning, or refrigeration. We're a service-oriented society, and as long as you can provide a service, you can always earn a living. It's just a matter of finding one that you like to do and you're good at. Just try to hire somebody to come change the washers in your faucets, and you'll discover how difficult and expensive it is.